KA / BG-GPO / 2515 / WPP-47 / 2009-2011



ಕರ್ನಾಟಕ ರಾಜ್ಯಪತ್ರ

ಅಧಿಕೃತವಾಗಿ ಪ್ರಕಟಿಸಲಾದುದು

ಸಂಪುಟ ೧೪೪	ಬೆಂಗಳೂರು, ಗುರುವಾರ, ಮೇ ೨೧, ೨೦೦೯ (ವೈಶಾಖ ೩೧ , ಶಕ ವರ್ಷ ೧೯೩೧)	ಸಂಚಿಕೆ ೨೧

ಭಾಗ–೪

ಕೇಂದ್ರದ ವಿಧೇಯಕಗಳು ಮತ್ತು ಅವುಗಳ ಮೇಲೆ ಪರಿಶೀಲನಾ ಸಮಿತಿಯ ವರದಿಗಳು, ಕೇಂದ್ರದ ಅಧಿನಿಯಮಗಳು ಮತ್ತು ಅಧ್ಯಾದೇಶಗಳು, ಕೇಂದ್ರ ಸರ್ಕಾರದವರು ಹೊರಡಿಸಿದ ಸಾಮಾನ್ಯ ಶಾಸನಬದ್ಧ ನಿಯಮಗಳು ಮತ್ತು ಶಾಸನಬದ್ಧ ಆದೇಶಗಳು ಮತ್ತು ರಾಷ್ಟ್ರಪತಿಯವರಿಂದ ರಚಿತವಾಗಿ ರಾಜ್ಯ ಸರ್ಕಾರದವರಿಂದ ಪುನಃ ಪ್ರಕಟವಾದ ಆದೇಶಗಳು.

ಸಂಸದೀಯ ವ್ಯವಹಾರಗಳು ಮತ್ತು ಶಾಸನ ರಚನೆ ಸಚಿವಾಲಯ

ಅಧಿಸೂಚನೆ

ಸಂಖ್ಯೆ: ಸಂವ್ಯಶಾಇ 44 ಕೇಶಾಪ್ರ 2008, ಬೆಂಗಳೂರು, ದಿನಾಂಕ: 1ನೇ ಆಗಸ್ಟ್ 2008

2008ನೇ ಸಾಲಿನ ಮೇ 10ನೇ ದಿನಾಂಕದ ಭಾರತ ಸರ್ಕಾರದ ಗೆಜೆಟ್‌ನ ವಿಶೇಷ ಸಂಚಿಕೆಯ ಭಾಗ–II ಸೆಕ್ಷನ್ 1ರಲ್ಲಿ ಪ್ರಕಟವಾದ ಈ ಕೆಳಕಂಡ The Finance Act, 2008 (Act No. 18 of 2008) ಅನ್ನು ಸಾರ್ವಜನಿಕರ ಮಾಹಿತಿಗಾಗಿ ಕರ್ನಾಟಕ ರಾಜ್ಯ ಪತ್ರದಲ್ಲಿ ಮರು ಪ್ರಕಟಿಸಲಾಗಿದೆ.

THE FINANCE ACT 2008

AN

ACT

to give effect to the financial proposals of the Central Government for the financial year 2008-09

BE it enacted by Parliament in the Fifty-ninth Year of the Republic of India as follows:-

CHAPTER I

PRELIMINARY

1. **Short title and commencement.-** (1) This Act may be called the Finance Act, 2008.

(2) Save as otherwise provided in this Act, sections 2 to 67 shall be deemed to have come into force on the 1st day of April, 2008.

CHAPTER II

RATES OF INCOME-TAX

2. **Income-tax.:**(1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 2008, income-tax shall be charged at the rates specified in Part I of

the First Schedule and such tax as reduced by the rebate of income-tax calculated under Chapter VIII-A of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the Income-tax Act shall be increased by a surcharge, for purposes of the Union, calculated in each case in the manner provided therein.

(2) In the cases to which Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding five thousand rupees, in addition to total income, and the total income exceeds one lakh ten thousand rupees, then-

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after the first one lakh ten thousand rupees of the total income but without being liable to tax] only for the purpose of charging income-tax in respect of the total income; and

(b) the income-tax chargeable shall be calculated as follows-

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased by a sum of one lakh ten thousand rupees, and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income as so increased were the total income;

(iii) the amount of income-tax determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax in respect of the total income:

Provided that in the case of every women, resident in India and below the age of sixty-five years at any time during the previous year, referred to in item (II) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words "one lakh ten thousand rupees", the words "one lakh forty-five thousand rupees" had been substituted:

Provided further that in the case of every individual, being a resident in India, who is of the age of sixty-five years or more at any time during the previous year, referred to in item (III) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words "one lakh ten thousand rupees", the words "one lakh ninety-five thousand rupees" had been substituted:

Provided also that the amount of income-tax so arrived at, as reduced by the amount of rebate of income-tax calculated under Chapter VIII-A of the Income-tax Act, shall be increased by a surcharge, for purposes of the Union, calculated in each case in the manner provided in that Paragraph and the sum so arrived at shall be the income-tax in respect of the total income:

(3) In cases to which the provisions of Chapter XII or Chapter XII-A or Chapter XII-H or section 115JB or sub-section (1A) of section 161 of section 164 or section 164A or section 167B of the Income-tax Act apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (I) or the rates as specified in that Chapter or section, as the case may be:

Provided that the amount of income-tax computed in accordance with the provisions of section 111A or section 112 shall be increased by a surcharge, for purposes of the Union, as provided in Paragraph A,B, C, D or E, as the case may be, of Part I of the First Schedule:

Provided further that in respect of any income chargeable to tax under sections 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115E and 115JB or fringe benefits chargeable

to tax under section 115WA of the Income-tax Act, the amount of income-tax computed under this sub-section shall be increased by a surcharge, for purposes of the Union, calculated,-

(a) in the case of every individual, Hindu undivided family, association of persons and body of individuals, whether incorporated or not, at the rate of ten per cent of such income-tax where the total income exceeds ten lakh rupees;

(b) in the case of every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, at the rate of ten per cent. of such income-tax;

(c) in the case of every firm and domestic company, at the rate of ten per cent, of such income-tax where the total income exceeds one crore rupees;

(d) in the case of every company, other than a domestic company, at the rate of two and one-half per cent. of such income-tax where the total income exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in respect of any fringe benefits chargeable to tax under section 115WA of the Income-tax Act, income-tax computed under this sub-section shall be increased by a surcharge, for purposes of the Union, calculated,-

(a) in the case of every association of persons and body of individuals, whether incorporated or not, at the rate of ten per cent. of income-tax where the fringe benefits exceed ten lakh rupees;

(b) in the case of every firm, artificial juridical person referred to in sub-clause (v) of clause (a) of section 115W of the Income-tax Act, and domestic company, at the rate of ten per cent of such income-tax;

(c) in the case of every company, other than a domestic company, at the rate of two and one-half per cent of such income-tax.

(4) In cases in which tax has to be charged and paid under section 115-O or sub-section (2) of section 115R of the Income-tax Act, the tax shall be charged and paid at the rates as specified in those sections and shall be increased by a surcharge, for purposes of the Union, calculated at the rate of ten per cent of such tax.

(5) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, at the rates in force, the deductions shall be made at the rates specified in Part II of the First Schedule and shall be increased by a surcharge, for purposes of the Union, calculated in each case, in the manner provided therein.

(6) In cases in which tax has to be deducted under sections 194C, 194E, 194EE, 194F, 194G, 194H, 194-I, 194J, 194LA, 196B 196C and196D of the Income-tax Act, the deductions shall be made at the rates specified in those sections and shall be increased by a surcharge, for purposes of the Union, calculated,-

(a) in the case of every individual, Hindu undivided family, association of persons and body of individuals, whether incorporated or not, at the rate of ten per cent of such tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten lakh rupees;

(b) in the case of every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, at the rate of ten per cent. of such tax;

(c) in the case of every firm and domestic company, at the rate of ten per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

(d) in the case of every company, other than a domestic company, at the rate of two and one-half per cent of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees.

(7) In cases in which tax has to be collected under the proviso to section 194B of the Income-tax Act, the collection shall be made at the rates specified in Part II of the First Schedule, and shall be increased by a surcharge, for purposes of the Union, calculated in the manner provided therein.

(8) In cases in which tax has to be collected under section 206C of the Income-tax Act, the collection shall be made at the rates specified in that section and shall be increased by a surcharged, for purposes of the Union, calculated,-

(a) in the case of every individual, Hindu undivided family, association of persons and body of individuals, whether incorporated or not, at the rate of ten per cent of such tax, where the amount or the aggregate of such amounts collected and subject to the collection exceeds ten lakh rupees;

(b) in the case of every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, at the rate of ten per cent of such tax;

(c) in the case of every firm and domestic company at the rate of ten per cent of such tax, where the amount or the aggregate of such amounts collected and subject to the collection exceeds one crore rupees;

(d) in the case of every company, other than a domestic company, at the rate of two and one-half per cent of such tax, where the amount or the aggregate of such amounts collected and subject to the collection exceeds one crore rupees.

(9) Subject to the provisions of sub-section (10), in cases in which income-tax has to be charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the Income-tax Act or deducted from, or paid on, income chargeable under the head "Salaries" under section 192 of the said Act or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so charged, deducted or computed at the rate or rates specified in Part III of the First Schedule and such tax shall be increased by a surcharge, for purposes of the Union, calculated in each case in the manner provided therein:

Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or Chapter XII-H or section 115JB or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be:

Provided further that the amount of "advance tax" computed in accordance with the provisions of section 111A or section 112 of the Income-tax Act shall be increased by a surcharge, for purposes of the Union, as provided in Paragraph A, B, C, D or E, as the case may be, of Part III of the First Schedule:

Provided also that in respect of any income chargeable to tax under sections 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115E and 115JB of the Income-tax Act, "advance tax" computed under the first proviso shall be increased by a surcharged, for purposes of the Union, calculated,-

(a) in the case of every individual, Hindu undivided family, association of persons and body of individuals, whether incorporated or not, at the rate of ten per cent of "advance tax", where the total income exceeds ten lakh rupees;

(b) in the case of every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, at the rate of ten per cent of such "advance tax";

(c) in the case of every firm and domestic company, at the rate of ten per cent. of such "advance tax", where the total income exceeds one crore rupees;

(d) in the case of every company, other than a domestic company, at the rate of two and one-half per cent. of such "advance tax", where the total income exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees, the total amount payable as "advance tax" and surcharge on such income shall not exceed the total amount payable as "advance tax" on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in respect of any fringe benefits chargeable to tax under section 115WA of the Income-tax Act, "advance tax" computed under the first proviso shall be increased by a surcharge, for purposes of the Union, calculated,-

(a) in the case of every association of persons and body of individuals, whether incorporated or not at the rate of ten per cent. of "advance tax", where the fringe benefits exceed ten lakh rupees;

(b) in the case of every firm, artificial juridical person referred to in sub-clause (v) of clause (a) of section 115W of the Income-tax Act, and domestic company, at the rate of ten per cent. of such "advance tax";

(c) in the case of every company, other than a domestic company, at the rate of two and one-half per cent. of such "advance-tax".

(10) In cases to which Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income exceeding five thousand rupees, in addition to total income and the total income exceeds one lakh fifty thousand rupees, then, in charging income-tax under sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force,-

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after the first one lakh fifty thousand rupees of the total income but without being liable to tax], only for the purpose of charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(b) such income-tax or, as the case may be, "advance tax" shall be so charged or computed as follows:-

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased by a sum of one lakh fifty thousand rupees, and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income were the total income;

(iii) the amount of income-tax or "advance tax" determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income:

Provided that in the case of every woman, resident in India and below the age of sixty-five years at any time during the previous year, referred to in item (II) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words "one lakh fifty thousand rupees", the words "one lakh eighty thousand rupees" had been substituted:

Provided further that in the case of every individual, being a resident in India, who is of the age of sixty-five years or more at any time during the previous year, referred to in item (III) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words "one lakh fifty thousand rupees", the words "two lakh twenty-five thousand rupees" had been substituted:

Provided also that the amount of income-tax or "advance tax" so arrived at shall be increased by a surcharge, for purposes of the Union, calculated, in each case, in the manner provided therein.

(11)The amount of income-tax as specified in sub-sections (1) to (10) and as increased by a surcharge, for purposes of the Union, calculated in the manner provided therein, shall be further increased by an additional surcharge, for purposes of the Union, to be called the "Education Cess on income-tax", calculated at the rate of two per cent. of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance universalised quality basic education.

(12)The amount of income-tax as specified in sub-sections (1) to (10) and as increased by a surcharge, for purposes of the Union, calculated in the manner provided therein, shall also be increased by an additional surcharge, for purposes of the Union, to be called the "Secondary and Higher Education Cess on income-tax", calculated at the rate of one per cent. of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance secondary and higher education.

(13)For the purposes of this section and the First Schedule,-

(a) "domestic company" means an Indian company or any other company which, in respect of its income liable to income-tax under the Income-tax Act, for the assessment year commencing on the 1st day of April, 2008 has made the prescribed arrangements for the declaration and payment within India of the dividends, including dividends on preference shares, payable out of such income;

(b) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business, including business relating to the continuance, renewal or revival of policies of insurance;

(c) "net agricultural income", in relation to a person, means the total amount of agricultutal income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(d) all other words and expressions used in this section and the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act.

CHAPTER III
DIRECT TAXES
Income-tax

3. Amendment of section 2.- In section 2 of the Income-tax Act,-

(a) in clause (1A), after Explanation 2, the following Explanation shall be inserted with effect from the 1st day of April 2009, namely:-

"Explanation 3.- For the purposes of this clause, any income derived from saplings or seedings grown in a nursery shall be deemed to be agricultural income;";

(b) for clause (15), the following clause shall be substituted with effect from the 1st day of April, 2009, namely:-

'(15) "charitable purpose" includes relief of the poor, education, medical relief, and the advancement of any other object of general public utility:

Provided that the advancement of any other object of general public utility shall not be a charitable purpose, if it involves the carrying on of any activity in the nature of trade, commerce or business, or any activity of rendering any service in relation to any trade, commerce or business, for a cess or fee or any other consideration, irrespective of the nature of use or application, or retention, of the income from such activity;'.

4. Amendment of section 10.- In section 10 of the Income-tax Act,-

(a) after clause (26AA) as omitted by the Finance Act, 1997, (26 of 1997) the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1990, namely:-

'(26AAA) in case of an individual, being a Sikkimese, any income which accrues or arises to him-

(a) from any source in the State of Sikkim; or

(b) by way of dividend or interest on securities:

Provided that nothing contained in this clause shall apply to a Sikkimese woman who, on or after the 1st day of April, 2008, marries an individual who is not a Sikkimese.

Explanation.- For the purposes of this clause, "Sikkimese" shall mean-

(i) an individual, whose name is recorded in the register maintained under the Sikkim Subjects Regulation, 1961 read with the Sikkim Subject Rules, 1961 (hereinafter referred to as the "Register of Sikkim Subjects"), immediately before the 26th day of April, 1975; or

(ii) an individual, whose name is included in the Register of Sikkim Subjects by virtue of the Government of India Order No. 26030/36/90-I.C.I., dated the 7th August, 1990 and Order of even number dated the 8th April, 1991; or

(iii)any other individual, whose name does not appear in the Register of Sikkim Subjects, but it is established beyond doubt that the name of such individual's father or husband or paternal grandfather or brother from the same father has been recorded in that register;';

(b) after clause (26AAA) as so inserted, the following clause shall be inserted with effect from the 1st day of April, 2009, namely:-

"(26AAB) any income of an agricultural produce market committee or board constituted under any law for the timebeing in force for the purpose of regulating the marketing of agricultural produce;";

(c) in clause (29A), after sub-clause (g), the following sub-clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2002. namely:-

"(h) the Coir Board established under section 4 of the Coir Industry Act, 1953;"; (45 of 1953)

(d) after clause (42), the following clause shall be inserted, namely:-

"(43) any amount received by an individual as a loan, either in lump sum or in instalment, in a transaction of reverse mortgage referred to in clause (xvi) of section 47.".

5. Amendment of section 10A.- In section 10A of the Income-tax Act, in sub-section (1), in the fourth proviso, for the figures "2010", the figures "2011" shall be substituted.

6. Amendment of section 10B.- In section 10B of the Income-tax Act, in sub-section (1), in the third proviso, for the figures "2010", the figures "2011" shall be substituted.

7. Amendment of section 35.- In section 35 of the Income-tax Act, with effect from the 1st day of April, 2009,-

(a) in sub-section (1), after clause (ii), the following clause shall be inserted, namely:

"(iia) an amount equal to one and one-fourth times of any sum paid to a company to be used by it for scientific research:

Provided that such company-

(A)is registered in India,

(B)has as its main object the scientific research and development,

(C) is, for the purposes of this clause, for the time being approved by the prescribed authority in the prescribed manner, and

(D) fulfills such other conditions as may be prescribed;";

(b) in sub-section (2AB), after clause (5), the following clause shall be inserted, namely:-

"(6) No deduction shall be allowed to a company approved under sub-clause (C) of clause (iia) of sub-section (1) in respect of the expenditure referred to in clause (1) which is incurred after the 31st day of March, 2008.".

8. Amendment of section 35D.- In section 35D of the Income-tax Act, with effect from the 1st day of April, 2009,-

(a) for the words "industrial undertaking", wherever they occur, the word "undertaking" shall be substituted;

(b) for the words "industrial unit", wherever they occur, the word "unit" shall be substituted.

9. Amendment of section 36.- In section 36 of the Income-tax Act, in sub-section (1), after clause (xiv), the following clauses shall be inserted with effect from the 1st day of April, 2009, namely:-

'(xv) an amount equal to the securities transaction tax paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

Explanation.- For the purposes of this clause, the expressions "securities transaction tax" and "taxable securities transation" shall have the meanings respectively assigned to them under Chapter VII of the Finance (No.2) Act, 2004; (23 of 2004)

(xvi) an amount equal to the commodities transaction tax paid by the assessee in respect of the taxable commodities transactions entered into in the course of his business during the previous year, if the income arising from such taxable commodities transactions is included in the income computed under the head "Profits and gains of business or profession".

Explanation.- For the purposes of this clause, the expressions "commodities transactions tax" and "taxable commodities transaction" shall have the meanings respectively assigned to them under Chapter VII of the Finance Act, 2008.'.

10. Amendment of section 40.- In section 40 of the Income-tax Act, in clause (a),-

(a) in sub-clause (ia), with effect from the 1st day of April, 2005,-

(i) for the words, brackets and figures "has not been paid during the previous year, or in the subsequent year before the expiry of the time prescribed under sub-section (1) of section 200", the following words, brackets, letters and figures shall be substituted and shall be deemed to have been substituted, namely:-

"has not been paid,-

(A) in a case where the tax was deductible and was so deducted during the last month of the previous year, on or before the due date specified in sub-section (1) of section 139; or

(B) in any other case, on or before the last day of the previous year.";

(ii) for the proviso, the following proviso shall be substituted and shall be deemed to have been substituted, namely:-

"Provided that where in respect of any such sum, tax has been deducted in any subsequent year, or has been deducted-

(A) during the last month of the previous year but paid after the said due date; or

(B)during any other month of the previous year but paid after the end of the said previous year,

such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid.";

(b) sub-clause (ib) shall be omitted with effect from the 1st day of April, 2009.

11. Amendment of section 40A.- In section 40A of the Income tax Act, for sub-section (3), the following sub-sections shall be substituted with effect from the 1st day of April, 2009, namely:-

"(3) Where the assessee incurs any expenditure in respect of which a payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, exceeds twenty thousand rupees, no deduction shall be allowed in respect of such expenditure.

(3A) Where an allowance has been made in the assessment for any year in respect of any liability incurred by the assessee for any expenditure and subsequently during any previous year (hereinafter referred to as subsequent year) the assessee makes payment in respect thereof, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, the payment so made shall be deemed to be the profits and gains of business or profession and accordingly chargeable to income-tax as income of the subsequent year if the payment or aggregate of payments made to a person in a day, exceeds twenty thousand rupees:

Provided that no disallowance shall be made and no payment shall be deemed to be the profits and gains of business or profession under sub-section (3) and this sub-section where a payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, exceeds twenty thousand rupees, in such cases and under such circumstances as may be prescribed, having regard to the nature and extent of banking facilities available, considerations of business expediency and other relevant factors.".

12. Amendment of section 43.- In section 43 of the Income-tax Act, in clause (6), after Explanation 5, the following Explanation shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2003, namely:-

"Explanation 6.- Where an assessee was not required to compute his total income for the purposes of this Act for any previous year or years preceding the previous year relevant to the assessment year under consideration,-

(a) the actual cost of an asset shall be adjusted by the amount attributable to the revaluation of such asset, if any, in the books of account;

(b) the total amount of depreciation on such asset, provided in the books of account of the asssessee in respect of such previous year or years preceding the previous year relevant to the assessment year under consideration shall be deemed to be the depreciation actually allowed under this Act for the purposes of this clause; and

(c) the depreciation actually allowed under clause (b) shall be adjusted by the amount of depreciation attributable to such revaluation of the asset.".

13. Amendment section 44AB.- In section 44AB of the Income-tax Act, in the Explanation, in clause (ii), for the figures letters and words "31st day of October", the figures, letters and words "30th day of September" shall be substituted.

14. Amendment section 47.- In section 47 of the Income-tax Act,-

(a) after clause (x), the following clause shall be inserted, namely:-

"(xa) any transfer by way of conversion of bonds referred to in clause (a) of sub-section (1) of section 115AC into shares or debentures of any company;":

(b) after clause (xv), the following clause shall be inserted, namely:-

"(xvi) any transfer of a capital asset in a transaction of reverse mortgage under a scheme made and notified by the Central Government.".

15. Amendment of section 49.- In section 49 of the Income-tax Act, for sub-section (2A), the following sub-section shall be substituted, namely;-

"(2A) Where the capital asset, being a share or debenture of a company, became the property of the assessee in consideration of a transfer referred to in clause (x) or clause (xa) of section 47, the cost of acquisition of the asset to the assessee shall be deemed to be that part of the cost of debenture, debenture-stock, bond or deposit certificate in relation to which such asset is acquired by the assessee.".

16. Amendment of section 80C.- In section 80C of the Income-tax Act,-

(a) in sub-section (2), after clause (xxii), the following clauses shall be inserted, namely:-

"(xxiii) in an account under the Senior Citizens Savings Scheme Rules, 2004;

(xxiv) as five year time deposit in an account under the Post Office Time Deposit Rules, 1981.";

(b) after sub-section (6), the following sub-section shall be inserted, namely:-

"(6A) If any amount, including interest accrued thereon, is withdrawn by the assessee from his account referred to in clause (xxiii) or clause (xxiv) of sub-section (2), before the expiry of the period of five years from the date of its deposit, the amount so withdrawn shall be deemed to be the income of the assessee of the previous year in which the amount is withdrawn and shall be liable to tax in the assessment year relevant to such previous year:

Provided that the amount liable to tax shall not include the following amounts, namely:-

(i)any amount of interest, relating to deposits referred to in clause (xxiii) or clause (xxiv) of sub-section (2), which has been included in the total income of the assessee of the previous year or years preceding such previous year; and

(ii) any amount received by the nominee or legal heir of the assessee, on the death of such assessee, other than interest, if any, accrued thereon, which was not included in the total income of the assessee for the previous year or years preceding such previous year.".

17. Substitution of new section for section 80D.- For section 80D of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 2009,-

'80D. Deduction in respect of health insurance premia.- (1) In computing the total income of an assessee, being an individual or a Hindu undivided family, there shall be deducted such sum, as specified in sub-section (2) or sub-section (3), payment of which is made by any mode, other than cash, in the previous year out of his income chargeable to tax.

(2) Where the assessee is an individual, the sum referred to in sub-section (1) shall be the aggregate of the following, namely:-

(a) the whole of the amount paid to effect or to keep in force an insurance on the health of the assessee or his family as does not exceed in the aggregate fifteen thousand rupees; and

(b) the whole of the amount paid to effect or to keep in force an insurance on the health of the parent or parents of the assessee as does not exceed in the aggregate fifteen thousand rupees.

Explanation.- For the purposes of clause (a), "family" means the spouse and dependant children of the assessee.

(3) Where the assessee is a Hindu undivided family, the sum referred to in sub-section (1) shall be the whole of the amount paid to effect or to keep in force an insurance on the health of any member of that Hindu undivided family as does not exceed in the aggregate fifteen thousand rupees.

(4) Where the sum specified in clause (a) or clause (b) of sub-section (2) or in sub-section (3) is paid to effect or keep in force an insurance on the health of any person specified therein, and who is a senior citizen, the provisions of this section shall have effect as if for the words "fifteen thousand rupees", the words "twenty thousand rupees" had been substituted.

Explanation.- For the purposes of this sub-section, "senior citizen" means an individual resident in India who is of the age of sixty-five years or more at any time during the relevant previous year.

(5) The insurance referred to in this section shall be in accordance with a scheme made in this behalf by-

(a) the General Insurance Corporation of India formed under section 9 of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972) and approved by the Central Government in this behalf; or

(b) any other insurer and approved by the Insurance Regulatory and Development Authority established under sub-section (1) of section 3 of the Insurance Regulatory and Development Authority Act, 1999.'. (41 of 1999)

18. Amendment of section 80-IB.- In section 80-IB of the Income-tax Act,-

(a) in sub-section (9), after the second proviso, the following proviso shall be inserted, namely:-

"Provided also that where such undertaking begins refining of mineral oil on or after the 1st day of April, 2009, no deduction under this section shall be allowed in respect of such undertaking unless such undertaking fulfils all the following conditions, namely:-

(i) it is wholly owned by a public sector company or any other company in which a public sector company or companies hold at least forty-nine per cent. of the voting rights;

(ii) it is notified by the Central Government in this behalf on or before the 31st day of May, 2008; and

(iii) it begins refining not later than the 31st day of March, 2012.";

(b) after sub-section (11B), the following sub-section shall be inserted with effect from the 1st day of April, 2009, namely:-

'(11C) The amount of deduction in the case of an undertaking deriving profits from the business of operating and maintaining a hospital located anywhere in India, other than the excluded area, shall be hundred per cent. of the profits and gains derived from such business for a period of five consecutive assessment years, beginning with the initial assessment year, if-

(i)the hospital is constructed and has started or starts functioning at any time during the period beginning on the 1st day of April, 2008 and ending on the 31st day of March, 2013;

(ii) the hospital has at least one hundred beds for patients;

(iii)the construction of the hospital is in accordance with the regulations or bye-laws of the local authority; and

(iv) the assessee furnishes along with the return of income, a report of audit in such form and containing such particulars, as may be prescribed, and duly signed and verified by an accountant, as defined in the Explanation to sub-section (2) of section 288, certifying that the deduction has been correctly claimed.

Explanation.- For the purposes of this sub-section-

(a) a hospital shall be deemed to have been constructed on the date on which a competion certificate in respect of such construction is issued by the local authority concerned;

(b) "initial assessment year" means the assessment year relevant to the previous year in which the business of the hospital starts functioning;

(c) "excluded area" shall mean an area comprising-

(i) Greater Mumbai urban agglomeration;

(ii) Delhi urban agglomeration;

(iii) Kolkata urban agglomeration;

(iv) Chennai urban agglomeration;

(v) Hyderabad urban agglomeration;

(vi) Bangalore urban agglomeration;

(vii) Ahmedabad urban agglomeration;

(viii) District of Faridabad;

(ix) District of Gurgaon;

(x) District of Gautam Budh Nagar;

(xi) District of Ghaziabad;

(xii) District of Gandhinagar; and

(xiii) City of Secunderabad;

(d) the area comprising an urban agglomeration shall be the area included in such urban agglomeration on the basis of the 2001 census.'.

19. Amendment of section 80-ID.- In section 80-ID of the Income-tax Act, with effect from the 1st day of April, 2009,-

(a) in sub-section (2), after clause (ii), the following clause shall be inserted, namely:-

"(iii) engaged in the business of hotel located in the specified district having a World Heritage Site, if such hotel is constructed and has started or starts functioning at any time during the period beginning on the 1st day of April, 2008 and ending on the 31st day of March, 2013.";

(b) in sub-section (6), after clause (d), the following shall be inserted, namely:-

'(e) "specified district having a World Heritage Site" means districts, specified in column (2) of the Table below, of the States, specified in the corresponding entry in column (3) of the said Table:

Table

Sl. No.	Name of district	Name of State
1.	Agra	Uttar Pradesh
2.	Jalgaon	Maharashtra
3.	Aurangabad	Maharashtra
4.	Kancheepuram	Tamil Nadu
5.	Puri	Orissa
6.	Bharatpur	Rajasthan
7.	Chhatarpur	Madhya Pradesh
8.	Thanjavur	Tamil Nadu
9.	Bellary	Karnataka
10.	South 24 Parganas (excluding areas falling within the Kolkata urban agglomeration on the basis of the 2001 census)	West Bengal
11.	Chamoli	Uttarakhand
12.	Raisen	Madhya Pradesh
13.	Gaya	Bihar
14.	Bhopal	Madhya Pradesh
15.	Panchmahal	Gujarat
16.	Kamrup	Assam
17.	Goalpara	Assam
18.	Nagaon	Assam
19.	North Goa	Goa
20.	South Goa	Goa
21.	Darjeeling	West Bengal
22.	Nilgiri	Tamil Nadu.".

20. Amendment of section 88E.- In section 88E of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted, namely:-

"(3) No deduction under this section shall be allowed in, or after, the assessment year beginning on the 1st day of April, 2009.".

21. Amendment of section 111A.- In section 111A of the Income-tax Act, in sub-section (1), in clause (i), for the words "ten per cent.", the words "fifteen per cent." shall be substituted with effect from the 1st day of April, 2009.

22. Amendment of section 115AD.- In section 115AD of the Income-tax Act, in sub-section (1), in the proviso, for the words "ten per cent.", the words "fifteen per cent." shall be substituted with effect from the 1st day of April, 2009.

23. Amendment of section 115JB.- In section 115JB of the Income-tax Act, after sub-section (2),-

(a) the Explanation shall be numbered as Explanation 1 and in Explanation 1 as so numbered, after clause (g), for the portion beginning with the words "if any amount referred" and ending

with the words "as reduced by-", the following shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2001, namely:-

"(h) the amount of deferred tax and the provision therefor,

if any amount referred to in clauses (a) to (h) is debited to the profit and loss account, and as reduced by-";

(b) in Explanation 1 as so numbered, after clause (vii), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2001, namely:-

"(viii) the amount of deferred tax, if any such amount is credited to the profit and loss account.";

(c) after Explanation 1 as so numbered, the following shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2001, namely:-

"Explanation 2.- For the purposes of clause (a) of Explanation 1, the amount of income-tax shall include-

(i)any tax on distributed profits under section 115-O or on distributed income under section 115R;

(ii) any interest charged under this Act;

(iii) surcharge, if any, as levied by the Central Acts from time to time;

(iv) Education Cess on income-tax, if any, as levied by the Central Acts from time to time; and

(v) Secondary and Higher Education Cess on income-tax, if any, as levied by the Central Acts from time to time.".

24. Amendment of section 115-O.- In section 115-O of the Income-tax Act, after sub-section (1), the following sub-section shall be inserted, namely:-

"(1A) The amount referred to in sub-section (1) shall be reduced by the amount of dividend, if any, received by the domestic company during the financial year, if-

(a) such dividend is received from its subsidiary;

(b) the subsidiary has paid tax under this section on such dividend; and

(c) the domestic company is not a subsidiary of any other company:

Provided that the same amount of dividend shall not be taken into account for reduction more than once.

Explanation.- For the purposes of this sub-section, a company shall be a subsidiary of another company, if such other company holds more than half in nominal value of the equity share capital of the company.".

25. Amendment of section 115WB.- In section 115WB of the Income-tax Act,-

(a) in sub-section (1), in the Explanation to clause (d), in clause (i), for the words "and includes employees' stock option", the words "and, where employees' stock option has been granted under any plan or scheme therefor, includes the securities offered under such plan or scheme" shall be substituted;

(b) in sub-section (2), with effect from the 1st day of April, 2009,-

(I) in clause (B), after sub-clause (ii), the following sub-clause shall be inserted, namely:-

"(iii) any expenditure on or payment through non-transferable pre-paid electronic meal card usable only at eating joints or outlets and which fulfils such other conditions as may be prescribed;";

(II) in clause (E), for the Explanation, the following Explanation shall be substituted, namely:-

"Explanation.- For the purposes of this clause, any expenditure incurred or payment made to-

(i) fulfil any statutory obligation; or

(ii) mitigate occupational hazards; or

(iii) provide first aid facilities in the hospital or dispensary run by the employer; or

(iv) provide creche facility for the children of the employee; or

(v) sponsor a sportsman, being an employee; or

(vi) organise sports events for employees,

shall not be considered as expenditure for employees' welfare;";

(III) clause (K) shall be omitted.

26. Amendment of section 115WC.- In section 115WC of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 2009,-

(i)in clause (c), for the words, brackets and letters "clauses (A) to (K)", the words, brackets and letters "clauses (A) to (L)" shall be substituted;

(ii) in clauses (d), for the words, brackets and letters "clauses (L) to (P)", the words, brackets and letters "clauses (M) to (P)" shall be substituted.

27. Amendment of section 115WD.- In section 115WD of the Income-tax Act, in sub-section(i) in the Explanation,in clause (a), for the figures, letters and words "31st day of October", the figures, letters and words "30th day of September" shall be substituted

28. Amendment of section 115WE.- In section 115WE of the Income-tax Act,-

(A) for sub-section (1), the following sub-sections shall be substituted, namely:-

'(1) Where a return has been made under section 115WD, such return shall be processed in the following manner, namely:-

(a) the value of fringe benefits shall be computed after making the following adjustments, namely:-

(i) any arithmetical error in the return; or

(ii) an incorrect claim, if such incorrect claim is apparent from any information in the return;

(b) the tax and interest, if any, shall be computed on the basis of the value of fringe benefits computed under clause (a);

(c) the sum payable by, or the amount of refund due to, the assessee shall be determined after adjustment of the tax and interest, if any, computed under clause (b) by any advance tax paid, any tax paid on self-assessment and any amount paid otherwise by way of tax or interest;

(d) an intimation shall be prepared or generated and sent to the assessee specifying the sum determined to be payable by, or the amount of refund due to, the assessee under clause (c); and

(e) the amount of refund due to the assessee in pursuance of the determination under clause (c) shall be granted to the assessee:

Provided that no intimation under this sub-section shall be sent after the expiry of one year from the end of the financial year in which the return is made.

Explanation.- For the purposes of this sub-section,-

(a) "an incorrect claim apparent from any information in the return" shall mean a claim, on the basis of an entry, in the return,-

(i) of an item, which is inconsistent with another entry of the same or some other item in such return;

(ii) in respect of which the information required to be furnished to substantiate such entry has not been so furnished under this Act; or

(iii) in respect of a deduction or value of fringe benefits, where such deduction or value exceeds specified statutory limit which may have been expressed as monetary amount or percentage or ratio or fraction;

(b) the acknowledgement of the return shall be deemed to be the intimation in a case where no sum is payable by, or refundable to, the assessee under clause (c), and where no adjustment has been made under clause (a).

(1A) For the purposes of processing of returns under sub-section (1), the Board may make a scheme for centralised processing of returns with a view to expeditiously determining the tax payable by, or the refund due to, the assessee as required under that sub-section.

(1B) Save as otherwise expressly provided, for the purpose of giving effect to the scheme made under sub-section (1A), the Central Government may, by notification in the Official Gazette, direct that any of the provisions of this Act relating to processing of returns shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in that notification; so, however, that no direction shall be issued after the 31st day of March, 2009.

(1C) Every notification issued under sub-section (1B), along with the scheme made under sub-section (1A), as soon as may be after the notification is issued, be laid before each House of Parliament.';

(B) in sub-section (2), in the proviso, for the words "twelve months from the end of the month", the words "six months from the end of the financial year" shall be substituted.

29. Insertion of new section 115WKB.- After section 115WKA of the Income-tax Act, the following section shall be inserted, namely:-

"115WKB. Deemed payment of tax by employee.- (1) Where an employer has paid any fringe benefit tax with respect to allotment or transfer of specified security or sweat equity shares, referred to in clause (d) of sub-section (1) of section 115WB, and has recovered such tax subsequently from an employee, it shall be deemed that the fringe benefit tax so recovered is the tax paid by such employee in relation to the value of the fringe benefit provided to him only to the extent to which the amount thereof relates to the value of the fringe benefit provided to such employee, as determined under clause (ba) of sub-section (1) of section 115WC.

(2) Notwithstanding anything contained in any other provisions of this Act, where the fringe benefit tax recovered from the employee is deemed to be the tax paid by such employee under sub-section (1), such employee shall, under this Act, not be entitled to claim-

(i)any refund out of such payment of tax; or

(ii) any credit of such payment of tax against tax liability on other income or against any other tax liability.".

30. Amendment of section 139.- In section 139 of the Income-tax Act,-

(a) in sub-section (1), in Explanation 2, in clause (a), for the figures, letters and words "31st day of October", the figures, letters and words "30th day of September" shall be substituted;

(b) in sub-section (9), in the Explanation, in clause (c), in sub-clause (i), the words, figures and letters "before the 1st day of April, 2008" shall be omitted.

31. Amendment of section 142.- In section 142 of the Income-tax Act, in sub-section (2C), in the proviso, for the words "on an application", the words "suo motu, or on an application" shall be substituted.

32. Amendment of section 143.- In section 143 of the Income-tax Act,-

(a) for sub-section (1), the following sub-sections shall be substituted, namely:-

'(1) Where a return has been made under section 139, or in response to a notice under sub-section (1) of section 142, such return shall be processed in the following manner, namely:-

(a) the total income or loss shall be computed after making the following adjustments, namely:-

(i) any arithmetical error in the return; or

(ii) an incorrect claim, if such incorrect claim is apparent from any information in the return;

(b) the tax and interest, if any, shall be computed on the basis of the total income computed under clause (a);

(c) the sum payable by, or the amount if refund due to, the assessee shall be determined after adjustment of the tax and interest, if any, computed under clause (b) by any tax deducted at source, any tax collected at source, any advance tax paid, any relief allowance under an agreement under section 90 or section 90A, or any relief allowance under section 91, any rebate allowable under Part A of Chapter VIII, any tax paid on self-assessment and any amount paid otherwise by way of tax or interest;

(d) an intimation shall be prepared or generated and sent to the assessee specifying the sum determined to be payable by, or the amount of refund due to, the assessee under clause (c); and

(e) the amount of refund due to the assessee in pursuance of the determination under clause (c) shall be granted to the assessee;

Provided that an intimation shall also be sent to the assessee in a case where the loss declared in the return by the assessee is adjusted but no tax or interest is payable by or no refund is due to, him;

Provided further that no intimation under this sub-section shall be sent after the expiry of one year from the end of the financial year in which the return is made.

Explanation.- For the purposes of this sub-section,-

(a) "an incorrect claim apparent from any information in the return" shall mean a claim, on the basis of an entry, in the return,-

(i) of an item, which is inconsistent with another entry of the same or some other item in such return;

(ii) in respect of which the information required to be furnished under this Act to substantiate such entry has not been so furnished; or

(iii) in respect of a deduction, where such deduction exceeds specified statutory limit which may have been expressed as monetary amount or percentage or ratio or fraction;

(b) the acknowledgement of the return shall be deemed to be the intimation in a case where no sum is payable by, or refundable to, the assessee under clause (c), and where no adjustment has been made under clause (a).

(1A) For the purposes of processing of returns under sub-section (1), the Board may make a scheme for centralised processing of returns with a view to expeditiously determining the tax payable by, or the refund due to, the assessee as required under the said sub-section.

(1B) Save as otherwise expressly provided, for the purpose of giving effect to the scheme made under sub-section (1A), the Central Government may, by notification in the Official Gazette, direct that any of the provisions of this Act relating to processing of returns shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in that notification; so, however, that no direction shall be issued after the 31st day of March, 2009.

(1C) Every notification issued under sub-section (1B), along with the scheme made under sub-section (1A), shall, as soon as may be after the notification is issued, be laid before each House of Parliament.';

(b) in sub-section (2), in clause (ii), for the proviso, the following proviso shall be substituted, namely:-

"Provided that no notice under clause (ii) shall be served on the assessee after the expiry of six months from the end of the financial year in which the return is furnished.".

33. Amendment of section 147.- In section 147 of the Income-tax Act, after the proviso, the following proviso shall be inserted, namely:-

"Provided further that the Assessing Officer may assess or reassess such income, other than the income involving matters which are the subject matters of any appeal, reference or revision, which is chargeable to tax and has escaped assessment.".

34. Amendment of section 151.- In section 151 of the Income-tax Act, after sub-section (2), the following Explanation shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1998, namely:-

"Explanation.- For the removal of doubts, it is hereby declared that the Joint Commissioner, the Commissioner or the Chief Commissioner, as the case may be, being satisfied on the reasons recorded by the Assessing Officer about fitness of a case for the issue of notice under section 148, need not issue such notice himself.".

35. Amendment of section 153.- In section 153 of the Income-tax Act, after sub-section (3),-

(a) the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2003, namely:-

"(4) Notwithstanding anything contained in the foregoing provisions of this section, sub-section (2) of section 153A and sub-section (1) of section 153B, the order of assessment or reassessment, relating to any assessment year, which stands revived under sub-section (2) of section 153A, shall be made within one year from the end of the month of such revival or within the period specified in this section or sub-section (1) of section 153B, whichever is later.";

(b) in Explanation 1,-

(i) in the proviso, for the brackets, figures, word and letter "(2) and (2A)", the brackets, figures, letter and word "(2), (2A) and (4)" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 2003;

(ii) after the proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2007, namely:-

"Provided further that where a proceeding before the Settlement Commission abates under section 245HA, the period of limitation available under this section to the Assessing Officer for making an order of assessment, reassessment or re-computation, as the case may be, shall, after the exclusion of the period under sub-section (4) of section 245HA, be not less than one year, and where such period of limitation is less than one year, it shall be deemed to have been extended to one year; and for the

purposes of determining the period of limitation under sections 149, 153B, 154, 155, 158BE and 231 and for the purposes of payment of interest under section 243 or section 244 or, as the case may be, section 244A, this proviso shall also apply accordingly.'

36. Amendment of section 153A.- Section 153A of the Income-tax Act shall be renumbered as sub-section (1) thereof and,-

(a) in sub-section (1) as so renumbered, in the second proviso, for the words "referred to in this section", the words "referred to in this sub-section" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 2003;

(b) after sub-section (1) as so renumbered and before the Explanation, the following shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2003, namely:-

"(2) If any proceeding initiated or any order of assessment or reassessment made under sub-section (1) has been annulled in appeal or any other legal proceeding, then, notwithstanding anything contained in sub-section (1) or section 153, the assessment or reassessment relating to any assessment year which has abated under the second proviso to sub-section (1), shall stand revived with effect from the date of receipt of the order of such annulment by the Commissioner:

Provided that such revival shall cease to have effect, if such order of annulment is set aside.".

37. Amendment of section 153B.- In section 153B of the Income-tax Act, in sub-section (1), with effect from the 1st day of June, 2003,-

(i) in clause (a), for the word, figures and letter "section 153A", the words, brackets, figures and letter "sub-section (1) of section 153A" shall be substituted and shall be deemed to have been substituted;

(ii) in the Explanation,-

(A)after clause (vi) and before the words "shall be excluded", the following clause shall be inserted and shall be deemed to have inserted, namely:-

"(vii) the period commencing from the date of annulment of a proceeding or order of assessment or reassessment referred to in sub-section (2) of section 153A till the date of the receipt of the order setting aside the order of such annulment, by the Commissioner,";

(B)in the proviso, for the words, brackets and letters "clause (a) or clause (b) of this section", the words, brackets and letters "clause (a) or clause (b) of this sub-section" shall be substituted and shall be deemed to have been substituted.

38. Amendment of section 153C.- In section 153C of the Income-tax Act, in sub-section (1), in the proviso, for the word, figures and letter "section 153A", the words, brackets, figures and letter "sub-section (1) of section 153A" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 2003.

39. Amendment of section 153D.- In section 153D of the Income-tax Act, for the word, figures and letter "section 153A'' the words brackets, figures and letter ''sub-section (1) of section 153A'' shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 2007.

40. Amendment of section 156.- In section 156 of the Income-tax Act, the following proviso shall be inserted namely:-

"Provided that where any sum is determined to be payable by the assessee under sub-section (1) of section 143, the intimation under that sub-section shall be deemed to be a notice of deemed for the purposes of this section.".

41. Amendment of section 191.- In section 191 of the Income-tax Act, for the Explanation, the following Explanation shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 2003, namely:-

"Explanation.- For the removal of doubts, it is hereby declared that if any person, including the principal officer of a company,-

(a) who is required to deduct any sum in accordance with the provisions of this Act; or

(b) referred to in sub-section (1A) of section 192, being an employer,

does not deduct, or after so deducting fails to pay, or does not pay, the whole or any part of the tax, as required by or under this Act, and where the assessee has also failed to pay such tax directly, then, such person shall, without prejudice to any other consequences which he may incur, be deemed to be an assessee in default within the meaning of sub-section (1) of section 201, in respect of such tax.".

42. Amendment of section 193.- In section 193 of the Income-tax Act, in the proviso, after clause (viii) and before the Explanation, the following clause shall be inserted with effect from the 1st day of June, 2008, namely:-

"(ix) any interest payable on any security issued by a company, where such security is in dematerialised form and is listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder.".

43. Amendment of section 194C.- In section 194C of the Income-tax Act, in sub-section (1), in clause (k), after the words "Hindu undivided family", the words "or an association of persons or a body of individuals, whether incorporated or not, other than those falling under any of the preceding clauses" shall be inserted with effect from the 1st day of June, 2008.

44. Amendment of section 195.- In section 195 of the Income-tax Act, after sub-section (5), the following sub-section shall be inserted, namely:-

"(6) The person referred to in sub-section (1) shall furnish the information relating to payment of any sum in such form and manner as may be prescribed by the Board.".

45. Substitution of new section for section 199.- For section 199 of the Income-tax Act, the following section shall be substituted, namely:-

"199. Credit for tax deducted.- (1) Any deduction made in accordance with the foregoing provisions of this Chapter and paid to the Central Government shall be treated as a payment of tax on behalf of the person from whose income the deduction was made, or of the owner of the security, or of the depositor or of the owner of property or of the unit-holder, or of the shareholder, as the case may be.

(2) Any sum referred to in sub-section (1A) of section 192 and paid to the Central Government shall be treated as the tax paid on behalf of the person in respect of whose income such payment of tax has been made.

(3) The Board may, for the purposes of giving credit in respect of tax deducted or tax paid in terms of the provisions of this Chapter, make such rules as may be necessary, including the rules for the purposes of giving credit to a person other than those referred to in sub-section (1) and sub-section (2) and also the assessment year for which such credit may be given.".

46. Amendment of section 201.- In section 201 of the Income-tax Act, for sub-section (1), the following sub-section shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June 2002, namely:

"(1) Where any person, including the principal officer or a company,

(a) who is required to deduct any sum in accordance with the provisions of this Act: or

(b) referred to in sub-section (1A) of section 192, being an employer,

does not deduct, or does not pay, or after so deducting fails to pay, the whole or any part of the tax, as required by or under this Act, then such person, shall, without prejudice to any other consequences which he may incur, be deemed to be an assessee in default in respect of such tax:

Provided that no penalty shall be charged under section 221 from such person, unless the Assessing Officer is satisfied that such person, without good and sufficient reasons, has failed to deduct and pay such tax

47. Amendment of section 203 : In section 203 of the Income-tax Act, in sub-section (3), for the figures, letters and words "1st day April 2008" the figures, letters and words "1st day of April 2010" shall be substituted.

48. Amendment of section 206C: In section 206C of the Income-tax Act-

(a) for sub-section (4) the following sub-section shall be substituted, namely:

"(4) Any amount collected in accordance with the provisions of this section and paid to the credit of the Central Government shall be deemed to be a payment of tax on behalf of the person from whom the amount has been collected and credit shall be given to such person for the amount so collected in a particular assessment year in accordance with the rules as may be prescribed by the Board from time to time",

(b) in sub-section (5), in the first proviso, for the figures letters and words "1st day of Apeil 2008", the figures, letters and words "1st day of April 2010" shall be substituted

49. Amendment of section 251 : In section 251 of the Income-tax in sub-section (1), after clause (a) the following clause shall be inserted, namely:

"(aa) in an appeal against the order of assessment in respect of which the proceeding before the Settlement Commission abates under section 245 HA; he may after taking into consideration all the material and other information producted by the assessee before, or the results of the inquiry held or evidence recorded by, the Settlement Commission, in the course of the proceeding before it and such other material as may be brought on his record, confirm, reduce, enhance or annul the assessment",

50. Amendment of section 254 : In section 254 of the Income-tax Act, in sub-section (2A) for the third proviso the following proviso shall be substituted with effect from the 1st day of October, 2008 namely:

Provided also that if such appeal is not so disposed of within the period allowed under the first proviso or the period opr periods extended or allowed under the second proviso, which shall not, in any case, exceed three hundred and sixty-five days, the order of stay shall stand vacated after the expiry of such period or periods, even if the delay in disposing of the appeal is not attributable to the assessee.".

51. Insertion of new section 268A.- After section 268 of the Income-tax Act, the following section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1999, namely:-

"268. A Filing of appeal or application for reference by income-tax authority.- (1) The Board may, from time to time, issue orders, instructions or directions to other income-tax authorities, fixing such monetary limits as it may deem fit, for the purpose of regulating filing of appeal or application for reference by any income-tax authority under the provisions of this Chapter.

(2) Where, in pursuance of the orders, instructions or directions issued under sub-section (1), an income-tax authority has not filed any appeal or application for reference on any issue in the case of an assessee for any assessment year, it shall not preclude such authority from filing an appeal or application for reference on the same issue in the case of-

(a) the same assessee for any other assessment year; or

(b) any other assessee for the same or any other assessment year.

(3) Notwithstanding that no appeal or application for reference has been filed by an income-tax authority pursuant to the orders or instructions or directions issued under sub-section (1), it shall not be lawful for an assessee, being a party in any appeal or reference, to contend that the income-tax authority has acquiesced in the decision on the disputed issue by not filing an appeal or application for reference in any case.

(4) The Appellate Tribunal or Court, hearing such appeal or reference, shall have regard to the orders, instructions or directions issued under sub-section (1) and the circumstances under which such appeal or application for reference was filed or not filed in respect of any case.

(5) Every order, instruction or direction which has been issued by the Board fixing monetary limits for filing an appeal or application for reference shall be deemed to have been issued under sub-section (1) and the provisions of sub-sections (2), (3) and (4) shall apply accordingly.".

52. Amendment of section 271.- In section 271 of the income-tax Act, after sub-section (1A), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1989, namely:-

"(1B)Where any amount is added or disallowed in computing the total income or loss of an assessee in any order of assessment or reassessment and the said order contains a direction for initiation of penalty proceedings under clause (c) of sub-section (1), such an order of assessment or reassessment shall be deemed to constitute satisfaction of the Assessing Officer for initiation of the penalty proceedings under the said clause (c).".

53. Insertion of new section 273AA.- After section 273A of the income-Tax Act, the following section shall be inserted, namely:-

"273AA. Power of Commissioner to grant immunity from penalty.- (1) A person may make an application to the Commissioner for granting immunity from penalty, if-

(a) he has made an application for settlement under section 245C and the proceedings for settlement have abated under section 245HA; and

(b) the penalty proceedings have been initiated under this Act.

(2) The application to the Commissioner under sub-section (1) shall not be made after the imposition of penalty after abatement.

(3) The Commissioner may, subject to such conditions as he may think fit to impose, grant to the person immunity from the imposition of any penalty under this Act, if he is satisfied that the person has, after the abatement, co-operated with the income-tax authority in the proceedings before him and has made a full and true disclosure of his income and the manner in which such income has been derived.

(4) The immunity granted to a person under sub-section (3) shall stand withdrawn, if such person fails to comply with any condition subject to which the immunity was granted and thereupon the provisions of this Act shall apply as if such immunity had not been granted.

(5) The immunity granted to a person under sub-section (3) may, at any time, be withdrawn by the Commissioner, if he is satisfied that such person had, in the course of any proceedings, after abatement, concealed any particulars material to the assessment from the income-tax authority or had given false evidence, and thereupon such person shall become liable to the imposition of any penalty under this Act to which such person would have been liable, had not such immunity been granted.".

54. Insertion of new section 278AB.- After section 278AA of the Income-tax Act, the following section shall be inserted, namely:-

"278AB. Power of Commissioner to grant immunity from prosecution.- (1) A person may make an application to the Commissioner for granting immunity from prosecution, if he has made an application for settlement under section 245C and the proceedings for settlement have abated under section 245HA.

(2) The application to the Commissioner under sub-section (1) shall not be made after institution of the prosecution proceedings after abatement.

(3) The Commissioner may, subject to such conditions as he may think fit to impose, grant to the person immunity from prosecution for any offence under this Act, if he is satisfied that the person has, after the abatement, co-operated with the income-tax authority in the proceedings before him and has made a full and true disclosure of his income and the manner in which such income has been derived:

Provided that where the application for settlement under section 245C had been made before the 1st day of June, 2007, (45 OF 1860) the Commissioner may grant immunity from prosecution for any offence under this Act or under the Indian Penal Code or under any other Central Act for the time being in force.

(4) The immunity granted to a person under sub-section (3) shall stand withdrawn, if such person fails to comply with any condition subject to which the immunity was granted and thereupon the provisions of this Act shall apply as if such immunity had not been granted.

(5) The immunity granted to a person under sub-section (3) may, at any time, be withdrawn by the Commissioner, if he is satisfied that such person had, in the course of any proceedings, after abatement, concealed any particulars material to the assessment from the income-tax authority or had given false evidence, and thereupon such person may be tried for the offence with respect to which the immunity was granted or for any other offence of which he appears to have been guilty in connection with the proceedings.".

55. Insertion of new section 282A.- After section 282 of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 2008, namely:-

"282A. Authentication of notices and other documents.- (1) Where this Act requires a notice or other document to be issued by any income-tax authority, such notice or other document shall be signed in manuscript by that authority.

(2) Every notice or other document to be issued, served or given for the purposes of this Act by any income-tax authority, shall be deemed to be authenticated if the name and office of a designated income-tax authority is printed, stamped or otherwise written thereon.

(3) For the purposes of this section, a designated income-tax authority shall mean any income-tax authority authorised by the Board to issue, serve or give such notice or other document after authentication in the manner as provided in sub-section (2).".

56. Insertion of new section 292BB.- After section 292B of the Income-tax Act, the following section shall be inserted, namely:-

"292BB. Notice deemed to be valid in certain circumstances.- Where an assessee has appeared in any proceeding or co-operated in any inquiry relating to an assessment or reassessment, it shall be deemed that any notice under any provision of this Act, which is required to be served upon him, has been duly served upon him in time in accordance with the provisions of this Act and such assessee shall be precluded from taking any objection in any proceeding or inquiry under this Act that the notice was-

(a) not served upon him; or

(b) not served upon him in time; or

(c) served upon him in an improper manner:

Provided that nothing contained in this section shall apply where the assessee has raised such objection before the completion of such assessment or reassessment.".

57. Amendment of section 292C: Section 292C of the Income-tax Act shall be renumbered as sub-section (1) thereof and-

(a) in sub-section (1) as so renumbered, after the words and figures "search under section 132", the words, figures and letter "or survey under section 133A" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2002;

(b) after sub-section (1) as so renumbered, the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1975, namely:-

"(2) Where any books of account, Other documents or assets have been delivered to the requisitioning officer in accordance with the provisions of section 132A, then, the provisions of sub-section (1) shall apply as if such books of account, other documents or assets which had been taken into custody from the person referred to in clause (a) or clause (b) or clause (c), as the case may be, of sub-section (1) of section 132A, had been found in the possession or control of that person in the course of a search under section 132.".

58. Amendment of section 295.- In section 295 of the Income-tax Act, in sub-section (2), after clause (f), the following clause shall be inserted, namely:-

"(fa) the form and manner in which the information relating to payment of any sum may be furnished under sub-section (6) of section 195;".

59. Amendment of Fourth Schedule.- In the Fourth Schedule to the Income-tax Act, in Part A, in rule 3, in sub-rule (1), in the first proviso, for the figures, letters and words "31st day of March, 2008", the figures, letters and words "31st day of March, 2009" shall be substituted.

Wealth-tax

60. Amendment of section 17.- In section 17 of the Wealth-tax Act,-

(a) in sub-section (1), after the second proviso, the following proviso shall be inserted, namely:-

"Provided also that the Assessing Officer may assess or reassess such net wealth, other than the net wealth which is the subject matter of any appeal, reference or revision, which is chargeable to tax and has escaped assessment.";

(b) in sub-section (1B), after clause (b), the following Explanation shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1998, namely:-

"Explanation.- For the removal of doubts, it is hereby declared that the Joint Commissioner, the Commissioner or the Chief Commissioner, as the case may be, being satisfied on the reasons recorded by the Assessing Officer about fitness of a case for the issue of notice, need not issue such notice himself.".

61. Amendment of section 17A.- In section 17A of the Wealth-tax Act, after sub-section (4), in Explanation 1, after the proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2007, namely:-

"Provided further that where a proceeding before the Settlement Commission abates under section 22HA, the period of limitation referred to in this section available to the Assessing Officer for making an order of assessment or reassessment, as the case may be, shall, after the exclusion of the period under sub-section (4) of section 22HA, be not less than one year; and where such period of limitation is less than one year, it shall be deemed to have been extended to one year.".

62. Amendment of section 18.- In section 18 of the Wealth-tax Act, after sub-section (1), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1989, namely:-

"(1A) Where any amount is added or disallowed in computing the net wealth of an assessee in any order of assessment or reassessment and the said order contains a direction for initiation of penalty proceedings under clause (c) of sub-section (1), such an order of assessment or reassessment shall be deemed to constitute satisfaction of the Assessing Officer for initiation of the penalty proceedings under the said clause (c).".

63. Insertion of new section 18BA.- After section 18B of the Wealth-tax Act, the following section shall be inserted, namely:-

"18BA. Power of Commissioner to grant immunity from penalty.- (1) A person may make an application to the Commissioner for granting immunity from penalty, if-

(a) he has made an application for settlement under section 22C and the proceedings for settlement have abated under section 22HA; and

(b) the penalty proceedings have been initiated under this Act.

(2) The application to the Commissioner under sub-section (1) shall not be made after the imposition of penalty after abatement.

(3) The Commissioner may, subject to such conditions as he may think fit to impose, grant to the person immunity from the imposition of any penalty under this Act, if he is satisfied that the person has, after the abatement, co-operated with the wealth-tax authority in the proceedings before him and has made a full and true disclosure of his net wealth and the manner in which such net wealth has been derived.

(4) The immunity granted to a person under sub-section (3) shall stand withdrawn, if such person fails to comply with any condition subject to which the immunity was granted and thereupon the provisions of this Act shall apply as if such immunity had not been granted.

(5) The immunity granted to a person under sub-section (3) may, at any time, be withdrawn by the Commissioner, if he is satisfied that such person had, in the course of any proceedings, after abatement, concealed any particulars, material to the assessment, from the wealth-tax authority or had given false evidence, and thereupon such person shall become liable to the imposition of any penalty under this Act to which such person would have been liable, had not such immunity been granted.".

64. Amendment of section 23A.- In section 23A of the Wealth-tax Act, after sub-section (9), the following sub-section shall be inserted, namely:-

"(9A)In disposing of an appeal against the order of assessment in respect of which the proceeding before the Settlement Commission abates under section 22HA, he may, after taking into consideration all the material and other information produced by the assessee before, or the results of the inquiry held or evidence recorded by, the Settlement Commission, in the course of the proceedings before it and such other material as may be brought on his record, confirm, reduce, enhance or annul the assessment.".

65. Insertion of new section 35GA.- After section 35G of the Wealth-tax Act, the following section shall be inserted, namely:-

"35GA. Power of Commissioner to grant immunity from prosecution.- (1) A person may make an application to the Commissioner for granting immunity from prosecution, if he has made an application for settlement under section 22C and the proceedings for settlement have abated under section 22HA.

(2) The application to the Commissioner under sub-section (1) shall not be made after institution of the prosecution proceedings after abatement.

(3) The Commissioner may, subject to such conditions as he may think fit to impose, grant to the person immunity from prosecution for any offence under this Act, if he is satisfied that the person has, after the abatement, co-operated with the wealth-tax authority in the proceedings before him and has made a full and true disclosure of his net wealth and the manner in which such net wealth has been derived:

Provided that where the application for settlement under section 22C had been made before the 1st day of June, 2007, the Commissioner may grant immunity from prosecution for any offence under this Act or under the Indian Penal Code or under any other Central Act (45 of 1860) for the time being in force.

(4) The immunity granted to a person under sub-section (3) shall stand withdrawn, if such person fails to comply with any condition subject to which the immunity was granted and thereupon the provisions of this Act shall apply as if such immunity had not been granted.

(5) The immunity granted to a person under sub-section (3) may, at any time, be withdrawn by the Commissioner, if he is satisfied that such person had, in the course of any proceedings, after abatement, concealed any particulars, material to the assessment, from the wealth-tax authority or had given false evidence, and thereupon such person may be tried for the offence with respect to which the immunity was granted or for any other offence of which he appears to have been guilty in connection with the proceedings.".

66. Insertion of new section 42.- After section 41 of the Wealth-tax Act, the following section shall be inserted, namely:-

"42. Notice deemed to be valid in certain circumstances.- Where an assessee has appeared in any proceeding or co-operated in any inquiry relating to an assessment or reassessment, it shall be deemed that any notice under any provision of this Act, which is required to be served upon him, has been duly served upon him in time in accordance with the provisions of this Act and such assessee shall be precluded from taking any objection in any proceeding or inquiry under this Act that the notice was-

(a) not served upon him; or

(b) not served upon him in time; or

(c) served upon him in an improper manner:

Provided that nothing contained in this section shall apply where the assessee has raised such objection before the completion of such assessment or reassessment.".

67. Amendment of section 42D.- Section 42D of the Wealth-tax Act shall be renumbered as sub-section (1) thereof and after sub-section (1) as so renumbered, the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day October, 1975, namely:-

"(2) Where any books of account, other documents or assets have been delivered to the requisitioning officer in accordance with the provisions of section 37B, then, the provisions of sub-section (1) shall apply as if such books of account, other documents or assets which had been taken into custody from the person referred to in clause (a) or clause (b) or clause (c), as the case may be, of sub-section (1) of section 37B, had been found in the possession or control of that person in the course of a search under section 37A.".

CHAPTER IV
INDIRECT TAXES
Customs

68. Amendment of section 28B.- In section 28B of the Customs Act, 1962 (52 of 1962) (hereinafter referred to as the Customs Act),-

(i)after sub-section (1), the following sub-section shall be inserted, namely:-

"(1A) Every person who has collected any amount in excess of the duty assessed or determined or paid on any goods or has collected any amount as representing duty of customs on any goods which are wholly exempt or are chargeable to nil rate of duty from any person in any manner, shall forthwith pay the amount so collected to the credit of the Central Government.";

(ii) in sub-section (2), for the word, brackets and figure "sub-section (1)", the words, brackets, figures and letter "sub-section (1) or sub-section (1A), as the case may be," shall be substituted;

(iii) in sub-section (4),-

(a) for the words, brackets and figures "sub-section (1) or sub-section (3)", the words, brackets, figures and letter "sub-section (1) or sub-section (1A) or sub-section (3), as the case may be," shall be substituted;

(b) for the word, brackets and figure "sub-section (1)", the words, brackets, figures and letter "sub-section (1) and sub-section (1A)" shall be substituted.

69. Amendment of section 108.- In section 108 of the Customs Act, in sub-section (1), the words "duly empowered by the Central Government in this behalf," shall be omitted and shall be deemed to have been omitted with effect from the 13th day of July, 2006.

70. Amendment of section 117.- In section 117 of the Customs Act, for the words "ten thousand rupees", the words "one lakh rupees" shall be substituted.

71. Amendment of section 129A.- In section 129A of the Customs Act, in sub-section (2), the following proviso and Explanation shall be inserted at the end, namely:-

'Provided that where the Committee of Commissioners of Customs differs in its opinion regarding the appeal against the order of the Commissioner (Appeals), it shall state the point or points on which it differs and make a reference to the jurisdiction Chief Commissioner of Customs who shall, after considering the facts of the order, if is of the opinion that the order passed by the Commissioner (Appeals) is not legal or proper, direct the proper officer to appeal to the Appellate Tribunal against such order.

Explanation.- For the purposes of this sub-section, "jurisdictional Chief Commissioner" means the Chief Commissioner of Customs having jurisdiction over the adjudicating authority in the matter.'.

72. Amendment of section 129D.- In section 129D of the Customs Act,-

(i)in sub-section (1), the following proviso shall be inserted at the end, namely:-

"Provided that where the Committee of Chief Commissioners of Customs differs in its opinion as to the legality or propriety of the decision or order of the Commissioner of Customs, it shall

state the point or points on which it differs and make a reference to the Board which, after considering the facts of the decision or order passed by the Commissioner of Customs, if is of the opinion that the decision or order passed by the Commissioner of Customs is not legal or proper, may, by order, direct such Commissioner or any other Commissioner to apply to the Appellate Tribunal for the determination of such points arising out of the decision or order, as may be specified in its order.";

(ii) for sub-section (3), the following sub-section shall be substituted, namely:-

"(3) Every order under sub-section (1) or sub-section (2), as the case may be, shall be made within a period of three months from the date of communication of the decision or order of the adjudicating authority.".

73. Insertion of new section 129EE.- After section 129E of the Customs Act, the following section shall be inserted, namely:-

"129EE. Interest on delayed refund of amount deposited under the proviso to section 129E.- Where an amount deposited by the appellant in pursuance of an order passed by the Commissioner (Appeals) or the Appellate Tribunal (hereinafter referred to as the appellate authority), under the first proviso to section 129E, is required to be refunded consequent upon the order of the appellate authority and such amount is not refunded within three months from the date of communication of such order to the adjudicating authority, unless the operation of the order of the appellate authority is stayed by a superior court or tribunal, there shall be paid to the appellant interest at the rate specified in section 27A after the expiry of three months from the date of communication of the order of the appellate authority, till the date of refund of such amount.".

74. Amendment of section 141.- Section 141 of the Customs Act shall be numbered as sub-section (1) thereof and, after sub-section (1) as so numbered, the following sub-section shall be inserted, namely:-

"(2) The imported or export goods may be received, stored, delivered, despatched or otherwise handled in a customs area in such manner as may be prescribed and the responsibilities of persons engaged in the aforesaid activities shall be such as may be prescribed.".

75. Amendment of section 158.- In section 158 of the Customs Act, in sub-section (2), for clause (ii), the following clause shall be substituted, namely:-

"(ii) that any person who contravenes any provision of a rule or regulation or abets such contravention or who fails to comply with any provision of a rule or regulation with which it was his duty to comply, shall be liable to a penalty which may extend to fifty thousand rupees.".

76. Amendment of notification issued under sub-section (1) of section 25 of the Customs Act, 1962.- In the notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R.277(E), dated the 1st April, 2003 which was issued in exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962, (52 of 1962) the condition No. 7, as inserted vide notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 673(3), dated the 17th November, 2005 which provides "that the importer shall be entitled to avail of the drawback or CENVAT credit of additional duty leviable under section 3 of the said Customs Tariff Act against the amount debited in the said certificate", shall be deemed to have, and always to have for all purposes validly, come into force on and from the 4th day of June, 2005 at all material times.

Explanation.- For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable if this section had not come into force.

Customs tariff

77. Amendment of Act 51 of 1975.- In the Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act),-

(i)in section 9A, for sub-section (2A), the following sub-section shall be substituted, namely:-

'(2A) Notwithstanding anything contained in sub-section (1) and sub-section (2), a notification issued under sub-section (1) or any anti-dumping duty imposed under sub-section (2), shall not apply to articles imported by a hundred per cent. export-oriented undertaking unless,-

(i)specifically made applicable in such notifications or such impositions, as the case may be; or

(ii) the article imported is either cleared as such into the domestic tariff area or used in the manufacture of any goods that are cleared into the domestic tariff area, and in such cases anti-dumping duty shall be levied on that portion of the article so cleared or so used as was leviable when it was imported into India.

Explanation.- For the purposes of this sub-section, the expression "hundred per cent. export-oriented undertaking" shall have the meaning assigned to it in Explanation 2 to sub-section (1) of section 3 of the Central Excise Act, 1944.'; (1 of1944)

(ii) the First Schedule shall be amended in the manner specified in the Second Schedule;

(iii) the Second Schedule shall be amended in the manner specified in the Third Schedule.

Excise

78. Amendment of section 2.- In section 2 of the Central Excise Act, 1944 (hereinafter referred to as the Central Excise Act), after clause (d), the following Explanation shall be inserted, namely:-

"Explanation.- For the purposes of this clause, "goods" includes any article, material or substance which is capable of being bought and sold for a consideration and such goods shall be deemed to be marketable.'.

79. Insertion of new section 3A.- After section 3 of the Central Excise Act, the following section shall be inserted, namely:-

'3A.Power of Central Government to charge excise duty on the basis of capacity of production in respect of notified goods.- (1) Notwithstanding anything contained in section 3, where the Central Government, having regard to the nature of the process of manufacture or production of excisable goods of any specified description, the extent of evasion of duty in regard to such goods or such other fact as may be relevant, is of the opinion that it is necessary to safeguard the interest of revenue, specify, by notification in the Official Gazette, such goods as notified goods and there shall be levied and collected duty of excise on such goods in accordance with the provisions of this section.

(2) Where a notification is issued under sub-section (1), the Central Government may, by rules,-

(a) provide the manner for determination of the annual capacity of production of the factory, in which such goods are produced, by an officer not below the rank of Assistant Commissioner of Central Excise and such annual capacity shall be deemed to be the annual production of such goods by such factory; or

(b) (i) specify the factor relevant to the production of such goods and the quantity that is deemed to be produced by use of a unit of such factor; and

(ii) provide for the determination of the annual capacity of production of the factory in which such goods are produced on the basis of such factor by an officer not below the rank of Assistant Commissioner of Central Excise and such annual capacity of production shall be deemed to be the annual production of such goods by such factory:

Provided that where a factory producing notified goods is in operation during a part of the year only, the annual production thereof shall be calculated on proportionate basis of the annual capacity of production:

Provided further that in a case where the factor relevant to the production is altered or modified at any time during the year, the annual production shall be re-determined on a proportionate basis having regard to such alteration or modification.

(3) The duty of excise on notified goods shall be levied, at such rate, on the unit of production or, as the case may be, on such factor relevant to the production, as the Central Government may, by notification in the Official Gazette, specify, and collected in such manner as may be prescribed:

Provided that where a factory producing notified goods did not produce the notified goods during any continuous period of fifteen days or more, the duty calculated on a proportionate basis shall be abated in respect of such period if the manufacturer of such goods fulfils such conditions as may be prescribed.

(4) The provisions of this section shall not apply to goods produced or manufactured, by a hundred per cent. export-oriented undertaking and brought to any other place in India.

Explanation 1.- For the removal of doubts, it is hereby clarified that for the purposes of section 3 of the Customs Tariff Act, 1975, (51 of 1975) the duty of excise leviable on the notified goods shall be deemed to be the duty of excise leviable on such goods under the First Schedule and the Second Schedule to the Central Excise Tariff Act, 1985, (5 of 1986) read with any notification for the time being in force.

Explanation 2.- For the purposes of this section, the expression "hundred per cent. export-oriented undertaking" shall have the meaning assigned to it in section 3.'.

80. Amendment of section 11B.- In section 11B of the Central Excise Act,-

(i)in sub-section (1),-

(a) for the words "duty of excise", wherever they occur, the words "duty of excise and interest, if any, paid on such duty" shall be substituted;

(b) for the word "duty", wherever it occurs, the words "duty and interest, if any, paid on such duty" shall be substituted;

(ii) in sub-section (2), except in clauses (a) and (c) of the first proviso,-

(a) for the words "duty of excise", wherever they occur, the words "duty of excise and interest, if any, paid on such duty" shall be substituted;

(b) for the word "duty", wherever it occurs, the words "duty and interest, if any, paid on such duty" shall be substituted.

81. Amendment of section 11D.- In section 11D of the Central Excise Act,-

(i)after sub-section (1), the following sub-section shall be inserted, namely:-

"(1A) Every person, who has collected any amount in excess of the duty assessed or determined and paid on any excisable goods or has collected any amount as representing duty of excise on any excisable goods which are wholly exempt or are chargeable to nil rate of duty from any person in any manner, shall forthwith pay the amount so collected to the credit of the Central Government.";

(ii) in sub-section (2), for the word, brackets and figure "sub-section (1)", the words, brackets, figures and letter "sub-section (1) or sub-section (1A), as the case may be," shall be substituted;

(iii) in sub-section (4),-

(a) for the words, brackets and figures "sub-section (1) or sub-section (3)", the words, brackets, figures and letter "sub-section (1) or sub-section (1A) or sub-section (3), as the case may be," shall be substituted;

(b) for the word, brackets and figure "sub-section (1)", the words, brackets, figures and letter "sub-section (1) and sub-section (1A)" shall be substituted.

82. Amendment of section 11DD.- In section 11DD of the Central Excise Act, in sub-section (1), for the words "buyer of such goods, the person", the words "buyer of such goods or from any person or where a person has collected any amount as representing duty of excise on any excisable goods which are wholly exempt or are chargeable to nil rate of duty, the person" shall be substituted.

83. Amendment of section 35B.- In section 35B of the Central Excise Act, in sub-section (2), the following proviso and Explanation shall be inserted at the end, namely:-

'Provided that where the Committee of Commissioners of Central Excise differs in its opinion regarding the appeal against the order of the Commissioner (Appeals), it shall state the point or points on which it differs and make a reference to the jurisdictional Chief Commissioner of Central Excise who shall, after considering the facts of the order, if is of the opinion that the order passed by the Commissioner (Appeals) is not legal or proper, direct any Central Excise Officer to appeal to the Appellate Tribunal against such order.

Explanation.- For the purposes of this sub-section, "jurisdictional Chief Commissioner" means the Chief Commissioner of Central Excise having jurisdiction over the adjudicating authority in the matter.'.

84. Amendment of section 35E.- In section 35E of the Central Excise Act,-

(i) in sub-section (1), the following proviso shall be inserted at the end, namely:-

"Provided that where the Committee of Chief Commissioners of Central Excise differs in its opinion as to the legality or propriety of the decision or order of the Commissioner of Central Excise, it shall state the point or points on which it differs and make a reference to the Board which, after considering the facts of the decision or order, if is of the opinion that the decision or order passed by the Commissioner of Central Excise is not legal or proper, may, by order,direct such Commissioner or any other Commissioner to apply to the Appellate Tribunal for the determination of such points arising out of the decision or order, as my be specified in its order.";

(ii) for sub-section (3), the following sub-section shall be substituted, namely:-

"(3) Every order under sub-section (1) or sub-section (2), as the case may be, shall be made within a period of three months from the date of communication of the decision or order of the adjudicating authority.".

85. Insertion of new section 35FF.- After section 35F of the Central Excise Act, the following section shall be inserted, namely:-

"35FF. Interest on delayed refund of amount deposited under the proviso to section 35F.- Where an amount deposited by the appellant in pursuance of an order passed by the Commissioner (Appeals) or the Appellate Tribunal (hereinafter referred to as the appellate authority), under the first proviso to section 35F, is required to be refunded consequent upon the order of the appellate authority and such amount is not refunded within three months from the date of communication of such order to the adjudicating authority, unless the operation of the order of the appellate authority is stayed by a superior court or tribunal, there shall be paid to the appellate interest at the rate specified in section 11BB after the expiry of three months from the date of communication of the order of the appellate authority, till the date of refund of such amount.".

86. Amendment of Central Excise Rules, 1944.- (1) In the Central Excise Rules, 1944, made by the Central Government in exercise of the powers conferred by section 37 of the Central Excise Act, rule 12, as substituted by rule 2 of the Central Excise (Eleventh Amendment) Rules, 1994 published in the Official Gazette vide notification of the Government of India in the Ministry of Finance (Department of Revenue), number G.S.R. 699(E), dated the 22nd September, 1994 shall stand amended and shall be deemed to have been amended retrospectively in the manner as specified in column (2) of the Fourth Schedule on and from the corresponding date specified in column (3) of that Schedule against the rule specified in column (1) of that Schedule.

(2) Notwithstanding anything contained in any judgement,decree or order of any court, tribunal or other authority, any action taken or anything done or purported to have been taken or done, at any time during the period commencing on and from the 8th day of July, 1999 and ending with the 30th day of June, 2001 under the rule as amended by sub-section (1), shall be deemed to be and always to have been, for all the purposes, as validly and effectively taken or done as if the amendment made by sub-section (1) had been in force at all material times.

(3) Notwithstanding the supersession of the Central Excise Rules, 1944 referred to in sub-section (1), for the purposes of that sub-section, the Central Government shall have and shall be deemed to have the power to make rules with retrospective effect as if the Central Government had the power to make rules under section 37 of the Central Excise Act, retrospectively, at all material times.

Explanation.- For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence, which would not have been so punishable if this section had not come into force.

87. Amendment of Central Excise (No. 2) Rules, 2001.- (1) In the Central Excise (No.2) Rules, 2001, made by the central Government in exercise of the powers conferred by section 37 of the Central Excise Act, rule 18 thereof as published in the Official Gazette vide notification of the Government of India in the Ministry of Finance (Department of Revenue), number G.S.R. 444(E), dated the 21st June, 2001 shall stand amended and shall be deemed to have been amended retrospectively in the manner as specified in column (2) of the Fifth Schedule on and from the corresponding date specified in column (3) of that Schedule against the rule specified in column (1) of that Schedule.

(2) Notwithstanding anything contained in any judgement, decree or order of any court, tribunal or other authority, any action taken or anything done or purported to have been taken or done, at any time during the period commencing on and from the 1st day of July, 2001 and ending with the 28th day of February, 2002 under the rule as amended by sub-section (1), shall be deemed to be and always to have been, for all the purposes, as validly and effectively taken or done as if the amendment made by sub-section (1) had been in force at all material times.

(3) Notwithstanding the supersession of the Central Excise (No. 2) Rules, 2001 referred to in sub-section (1), for the purposes of that sub-section, the Central Government shall have and shall be deemed to have the power to make rules with retrospective effect as if the Central Government had the power to make rules under section 37 of the Central Excise Act, retrospectively, at all material times.

Explanation.- For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence, which would not have been so punishable if this section had not come into force.

88. Amendment of Central Excise Rules, 2002.- (1) In the Central Excise Rules, 2002, made by the Central Government in exercise of the powers conferred by section 37 of the Central Excise Act, rule 18 thereof as published in the Official Gazette vide notification of the Government of India in the

Ministry of Finance (Department of Revenue), number G.S.R. 143(E), dated the 1st March, 2002 shall stand amended and shall be deemed to have been amended retrospectively in the manner as specified in column (2) of the Sixth Schedule on and from the corresponding date specified in column (3) of that Schedule against the rule specified in column (1) of that Schedule.

(2) Notwithstanding anything contained in any judgement, decree or order of any court, tribunal or other authority, any action taken or anything done or purported to have been taken or done, at any time during the period commencing on and from the 1st day of March, 2002 and ending with the 7th day of December, 2006 under the rule as amended by sub-section (1), shall be deemed to be and always to have been, for all the purposes, as validly and effectively taken or done as if the amendment made by sub-section (1) had been in force at all material times.

(3) For the purposes of sub-section (1), the Central Government shall have and shall be deemed to have the power to make rules with retrospective effect as if the Central Government had the power to make rules under section 37 of the Central Excise Act, retrospectively, at all material times.

Explanation.- For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence, which would not have been so punishable if this section had not come into force.

Excise tariff

89. Amendment of Act 5 of 1986.- The First Schedule to the Central Excise Tariff Act, 1985 (hereinafter referred to as the Central Excise Tariff Act) shall be amended in the manner specified in the Seventh Schedule.

CHAPTER V
SERVICE TAX

90. Amendment of Act 32 of 1994.- In the Finance Act, 1994,-

(A) in section 65, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint,-

(1) after clause (7a), the following clause shall be inserted, namely:-

'(7b) "associated enterprise" has the meaning assigned to it in section 92A of the Income-tax Act, 1961;'; (43 of 1961).

(2) in clause (12),-

(a) in sub-clause (a), for item (iv), the following item shall be substituted, namely:-

"(iv) securities and foreign exchange (forex) broking, and purchase or sale of foreign currency, including money changing;";

(b) for sub-clause (b), the following sub-clause shall be substituted, namely:-

"(b) foreign exchange broking and purchase or sale of foreign currency, including money changing provided by a foreign exchange broker or an authorised dealer in foreign exchange or an authorised money changer, other than those covered under sub-clause (a);";

(c) after sub-clause (b) as so amended, the following Explanation shall be inserted at the end, namely:-

'Explanation.- For the purposes of this clause, it is hereby declared that "purchase or sale of foreign currency, including money changing" includes purchase or sale of foreign currency, whether or not the consideration for such purchase or sale, as the case may be, is specified separately;';

(3) in clause (19),-

(a) in sub-clause (ii), the following Explanation shall be inserted at the end, namely:-

'Explanation.- For the removal of doubts, it is hereby declared that for the purposes of this sub-clause, "service in relation to promotion or marketing of service provided by the client" includes any service provided in relation to promotion or marketing of games of chance, organised, conducted or promoted by the client, in whatever form or by whatever name called, whether or not conducted online, including lottery, lotto, bingo;';

(b) the words "any information technology service and" shall be omitted;

(c) in the Explanation, clause (b) shall be omitted;

(4) for clause (23), the following clause shall be substituted, namely:-

'(23) "cargo handling service" means loading, unloading, packing or unpacking of cargo and includes,-

(a) cargo handling services provided for freight in special containers or for non-containerised freight, services provided by a container freight terminal or any other freight terminal, for all modes of transport, and cargo handling service incidental to freight; and

(b) service of packing together with transportation of cargo or goods, with or without one or more of other services like loading , unloading, unpacking,

but does not include, handling of export cargo or passenger baggage or mere transportation of goods;';

(5) in clause (31), for the words "to a client", the words "to any person" shall be substituted;

(6) after clause (53), the following clause shall be inserted, namely:-

'(53a) "information technology software" means any representation of instructions, data, sound or image, including source code and object code, recorded in a machine readable form, and capable of being manipulated or providing interactivity to a user, by means of a computer or an automatic data processing machine or any other device or equipment;';

(7) for clause (57a), the following clause shall be substituted, namely:-

'(57a) "internet telecommunication service" includes,-

(i) internet backbone services, including carrier services of internet traffic by one Internet Service Provider to another Internet Service Provider,

(ii) internet access services, including provision of a direct connection to the internet and space for the customer's web page,

(iii) provision of telecommunication services, including fax, telephony, audio conferencing and video conferencing, over the internet;';

(8) in clause (64), for the Explanation, the following Explanation shall be substituted, namely:-

'Explanation.- For theremoval of doubts, it is hereby declared that for the purposes of this clause,-

(a) "goods" includes computer software;

(b) "properties" includes information technology software;';

(9) in clause (68), for the words, "to a client",the words "to any other person" shall be substituted;

(10)in clause (75), for the words "to a customer", the words "to any person" shall be substituted;

(11)after clause (86c), the following clause shall be inserted, namely:-

'(86d) "processing and clearing house" means any person including the clearing corporation authorised or assigned by a recognised stock exchange, recognised association or a registered association to perform the duties and functions of a clearing house in relation to,-

(i)the periodical settlement of contracts for, or relating to, the sale or purchase of securities, goods or forward contracts and differences there under;

(ii) the delivery of, and payment for, securities, goods or forward contracts;

(iii) any other matter incidental to, or connected with, securities, goods and forward contracts;';

(12) in clause (90a), the Explanation occurring at the end shall be numbered as Explanation 1 thereof, and after the Explanation 1 as so numbered, the following Explanation shall be inserted, namely:-

'Explanation 2.- For the removal of doubts, it is hereby declared that for the purposes of this clause "renting of immovable property" includes allowing or permitting the use of space in an immovable property, irrespective of the transfer of possession or control of the said immovable property;';

(13)in clause (92), for the words "to a client", the words "to any person" shall be substituted;

(14) in clause (105),-

(a) in sub-clauses (e), (h), (j), (k), (p), (q), (r), (s), (t), (u), (v), (w), (x), (y), (z), (za), (zc), (zi), (zj), (zu), (zzt) and (zzw), for the words "to a client", occuring at the beginning, the words "to any person" shall be substituted;

(b) in sub-clauses (f), (l), (zb), (zh), (zm), (zo), (zq), (zi), (zz), (zzd), (zzg), (zzp), (zzv) and (zzx),for the words "to a customer", occurring at the beginning, the words "to any person" shall be substituted;

(c) for sub-clause (g), the following sub-clause shall be substituted, namely:-

"(g) to any person, by a consulting engineer in relation to advice, consultancy or technical assistance in any manner in one or more disciplines of engineering including the discipline of computer hardware engineering.

Explanation.- For the purposes of this sub-clause, it is hereby declared that services provided by a consulting engineer in relation to advice, consultancy or technical assistance in the disciplines of both computer hardware engineering and computer software engineering shall also be classifiable under this sub-clause;";

(d) in sub-clause (m), for the words "a client" and "the client", wherever they occur, the words "any person" and "such person" shall respectively be substituted;

(e) for sub-clause (zzk), the following sub-clause shall be substituted, namely:-

"(zzk) to any person, by a foreign exchange broker, including an authorised dealer in foreign exchange or an authorised money changer, other than a banking company or a financial institution including a non-banking financial company or any other body corporate or commercial concern referred to in sub-clause (zm);";

(f) in sub-clause (zzzu), for the words "internet telephony", the words "internet telecommunication service" shall be substituted;

(g) after sub-clause (zzzzd), the following sub-clauses shall be inserted, namely:-

"(zzzze) to any person, by any other person in relation to information technology software for use in the course, or furtherance, of business or commerce, including,-

(i)development of information technology software,

(ii) study, analysis, design and programming of information technology software,

(iii) adaptation, upgradation, enhancement, implementation and other similar services related to information technology software,

(iv) providing advice, consultancy and assistance on matters related to information technology software, including conducting feasibility studies on implementation of a system, specifications for a database design, guidance and assistance during the start-up phase of a new system, specifications to secure a database, advice on proprietary information technology software,

(v) acquiring the right to use information technology software for commercial exploitation including right to reproduce, distribute and sell information technology software and right to use software components for the creation of and inclusion in other information technology software products,

(vi) acquiring the right to use information technology software supplied electronically;

(zzzzf) to a policy holder, by an insurer carrying on life insurance business, in relation to management of investment, under unit linked insurance business, commonly known as Unit Linked Insurance Plan (ULIP) scheme.

Explanation.- For the purposes of this sub-clause,-

(i)management of segregated fund of unit linked insurance business by the insurer shall be deemed to by the service provided by the insurer to the policy holder in relation to management of investment under unit linked insurance business;

(ii) the gross amount charged by the insurer from the policy holder for the said services provided or to be provided shall be equivalent to the difference between,-

(a) premium paid by the policy holder for the Unit Linked Insurance Plan policy; and

(b) the sum of premium paid for or attributable to risk cover, whether for life, health or other specified purposes, and the amount segregated for actual investment.

Illustration

Total premium paid for the Unit Linked Insurance Plan policy = Rs.100

Risk premium = Rs. 10

Amount actually invested = Rs. 85

Gross amount charged for the service provided = Rs. 5 [100-(10+85)].

(iii)in addition to the amount referred to in clause (ii), the gross amount charged shall include any amount charged subsequently, whether or not periodically, by the insurer from the policy holder in relation to management of investment under unit linked insurance business;

(zzzzg) to any person, by a recognised stock exchange in relation to assisting, regulating or controlling the business of buying, selling or dealing in securities and includes services provided in relation to trading, proceeessing, clearing and settlement of transaction in securities;

(zzzzh) to any person, by a recognised association or a registered association in relation to assisting, regulating or controlling the business of the sale or purchase of any goods or forward contracts and includes services provided in relation to trading, processing, clearing and settlement of transactions in goods or forward contracts;

(zzzzi) to any person, by a processing and clearing house in relation to processing, clearing and settlement of transactions in securities, goods or forward contracts including any other matter incidental to, or connected with, such securities, goods and forward contracts;

(zzzzj) to any person, by any other person in relation to supply of tangible goods including machinery, equipment and appliances for use, without transferring right of possession and effective control of such machinery, equipment and appliances;";

(15)in clause (106, after the words "goods or material or", the words "information technology software or" shall be inserted;

(16) in clause (108), for the words "process or material", at both the places where they occur, the words "process or material or information technology software" shall be substituted;

(17) in clause (109a), in sub-clause (c), for the words "internet telephony, the words "internet telecommunication service" shall be substituted;

(18) for clause (115), the following clause shall be substituted, namely:-

'(115) "tour operator" means any person engaged in the business of planning, scheduling, or ganising or arranging tours (which may include arrangements for accommodation, sightseeing or other similar services) by any mode of transport, and includes any person engaged in the business of operating tours in a tourist vehicle or a contract carriage by whatever name called, covered by a permit, other than a stage carriage permit, granted under the Motor Vehicles Act, 1988 (59 of 1988) or the rules made thereunder.

Explanation.- For the purposes of this clause, the expression "tour" does not include a journey organised or arranged for use by an educational body, other than a commercial training or coaching centre, imparting skill or knowledge or lessons on any subject or field;';

(B) in section 66, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, for the word, brackets and letters "and (zzzzd)", the brackets, letters and word "(zzzzd), (zzzze), (zzzzf), (zzzzg), (zzzzh), (zzzzi) and (zzzzj)" shall be substituted;

(C) in section 67, in the Explanation, in clause (c), for the words "book adjustment", the following words shall be substituted, namely:-

'book adjustment, and any amount credited or debited, as the case may be, to any account, whether called "Suspense account" or by any other name, in the books of account of a person liable to pay service tax, where the transaction of taxable service is with any associated enterprise.';

(D) after section 70, the following sections shall be inserted, namely:-

'71. Scheme for submission of returns through Service Tax Preparers.- (1) Without prejudice to the provisions of section 70, the Board may by notification in the Official Gazette, frame a Scheme for the purposes of enabling any person or class of persons to prepare and furnish a return under section 70, and authorise a Service Tax Return Prepare to act as such under the Scheme.

(2) A Service Tax Return Prepare shall assist the person or class of persons to prepare and furnish the return in such manner as may be specified in the Scheme framed under this section.

(3) For the purposes of this section,-

(a) "Service Tax Return Prepare" means any individual, who has been authorised to act as a Service Tax Return Preparer under the Scheme framed under this section;

(b) "person or class of persons" means such person, as may be specified in the Scheme, who is required to furnish a return required to be filed under section 70.

(4) The Scheme framed by the Board under this section may provide for the following, namely:-

(a) the manner in which and the period for which the Service Tax Return Preparer shall be authorised under sub-section (1);

(b) the educational and other qualifications to be possessed, and the training and other conditions required to be fulfilled, by a person to act as a Service Tax Return Preparer;

(c) the code of conduct for the Service Tax Return Preparer;

(d) the duties and obligations of the Service Tax Return Preparer;

(e) the circumstances under which the authorisation given to a Service Tax Return Preparer may be withdrawn;

(f) any other matter which is required to be, or may be, specified by the Scheme for the purposes of this section.

72. Best judgement assessment.- If any person, liable to pay service tax,-

(a) fails to furnish the return under section 70;

(b) having made a return, fails to assess the tax in accordance with the provisions of this Chapter or rules made thereunder,

the Central Excise Officer, may require the person to produce such accounts, documents or other evidence as he may deem necessary and after taking into account all the relevant material which is available or which he has gathered, shall by an order in writing, after giving the person an opportunity of being heard, make the assessment of the value of taxable service to the best of his judgement and determine the sum payable by the assessee or refundable to the assessee on the basis of such assessment.';

(E) for section 77, the following section shall be substituted, namely:-

"77. Penalty for contravention of rules and provisions of Act for which no penalty is specified elsewhere.- (1) Any person,-

(a) who is liable to pay service tax, or required to take registration, fails to take registration in accordance with the provisions of section 69 or rules made under this Chapter shall be liable to pay a penalty which may extend to five thousand rupees or two hundred rupees for every day during which such failure continues, whichever is higher, starting with the first day after the due date, till the date of actual compliance;

(b) who fails to keep, maintain or retain books of account and other documents as required in accordance with the provisions of this Chapter or the rules made thereunder, shall be liable to a penalty which may extend to five thousand rupees;

(c) who fails to-

(i) furnish information called by an officer in accordance with the provisions of this Chapter or rules made thereunder; or

(ii) produce documents called for by a Central Excise Officer in accordance with the provisions of this Chapter or rules made thereunder; or

(iii) appear before the Central Excise Officer, when issued with a summon for appearance to give evidence or to produce a document in an inquiry,

shall be liable to a penalty which may extend to five thousand rupees or two hundred rupees for every day during which such failure continues, whichever is higher, starting with the first day after the due date, till the date of actual compliance;

(d) who is required to pay tax electronically, through internet banking, fails to pay the tax electronically, shall be liable to a penalty which may extend to five thousand rupees.

(e) who issues invoice in accordance with the provisions of the Act or rules made thereunder, with incorrect or incomplete details or fails to account for an invoice in his books of account, shall be liable to a penalty which may extend to five thousand rupees.

(2) Any person, who contravenes any of the provisions of this Chapter or any rules made thereunder for which no penalty is separately provided in this Chapter, shall be liable to a penalty which may extend to five thousand rupees.";

(F) in section 78, after the fourth proviso, the following shall be inserted, namely:-

"Provided also that if the penalty is payable under this section, the provisions of section 76 shall not apply.".

(G) in section 83, after the figures and letter "35F", the figures and letters "35FF", shall be inserted;

(H) in section 86,-

(i)in sub-section (2), the following proviso shall be inserted at the end, namely:-

"Provided that where the Committee of Chief Commissioners of Central Excise differs in its opinion against the order to the Commissioner of Central Excise, it shall state the point or points on which it differs and make a reference to the Board which shall, after considering the facts of the order, if is of the opinion that the order passed by the Commissioner of Central Excise is not legal or proper, direct the Commissioner of Central Excise to appeal to the AppellateTribunal against the order.";

(ii) in sub-section (2A), the following proviso and Explanation shall be inserted at the end, namely:-

'Provided that where the Committee of Commissioners differs in its opinion against the order of the Commissioner of Central Excise (Appeals), it shall state the point or points on which it differs and make a reference to the jurisdictional Chief Commissioner who shall, after considering the facts of the order, if is of the opinion that the order passed by the Commissioner of Central Excise (Appeals) is not legal or proper, direct any Central Excise Officer to appeal to the Appellate Tribunal against the order.

Explanation.- For the purposes of this sub-section, "jurisdictional Chief Commissioner" means the Chief Commissioner having jurisdiction over the concerned adjudicating authority in the matter.';

(I) in section 94, in sub-section (4), for the words "Chapter and every notification", the words and figures "Chapter, Scheme framed under section 71 and every notification" shall be substituted;

(J) in section 95, after sub-section (1D), the following sub-section shall be inserted, namely:-

"(1E)If any difficulty arises in respect of implementing, classifying or assessing the value of any taxable service incorporated in this Chapter by the Finance Act, 2008, the Central Government may, by order published in the Official Gazette, not inconsistent with the provisions of this Chapter, remove the difficulty:

Provided that no such order shall be made after the expiry of a period of one year from the date on which the Finance Bill, 2008 receives the assent of the President.".

CHAPTER VI

SERVICE TAX DISPUTE RESOLUTION SCHEME, 2008

91. Short title and commencement.- (1) This Scheme may be called the Service Tax Dispute Resolution Scheme, 2008.

(2) It shall come into force on the 1st day of July, 2008.

92. Definitions.- In this Scheme, unless the context otherwise requires,-

(a) "Chapter" means Chapter V of the Finance Act, 1994; (32 of 1994)

(b) "designated authority" means an officer not below the rank of Assistant Commissioner of Central Excise as notified by the Commissioner of Central Excise for the purposes of this Scheme.

(c) "person" means any person against whom any tax arrear is pending;

(d) "prescribed" means prescribed by rules made under this Scheme;

(e) "tax arrear" means service tax, cess, interest or penalty due or payable or leviable under the Chapter but not paid as on the 1st day of March, 2008, in respect of which-

(i)an order has been passed under the Chapter; or

(ii) a demand notice or a show cause notice has been issued on or before the 1st day of March, 2008 under the Chapter;

(f) all other words and expressions used herein and not defined but defined in the Chapter or the rules made thereunder, shall have the meanings respectively asssigned to them in the Chapter or the rules made thereunder.

93. Applicability of Scheme.- This Scheme shall not be applicable to a decision, an order of determination, a demand notice or, as the case may be, show cause notice,-

(i)relating to a tax arrear which includes service tax, and such service tax amount is in excess of twenty-five thousand rupees; or

(ii) where such order or notice has been made or issued under section 73A of the Finance Act, 1994. (32 of 1994)

94. Settlement of tax payment.- Subject to the provisions of this Scheme, where any person makes, on or after the 1st day of July, 2008, but on or before the 30th day of September, 2008, a declaration to the designated authority in accordance with the provisions of section 95 in respect of tax arrear, then notwithstanding anything contained in the Chapter, the amount payable under this Scheme by the declarant shall be determined at the rates specified hereunder, namely:-

(a) where the tax arrear has arisen due to determination, assessment or, as the case may be, order of an djudicating authority,-

(i)such tax arrear includes the amount of service tax not exceeding twenty-five thousand rupees, at the rate of fifty per cent of service tax amount;

(ii) such tax arrear consists of only interest payable, or penalty levied or both, under the Chapter, at the rate of twenty-five per cent of such tax arrear:

Provided that, if the amount of penalty levied exceeds the service tax amount to which it relates, service tax amount shall be considered to be the amount of penalty;

(b) where the tax arrear has arisen due to show cause notice or demand notice, as the case may be,-

(i)such tax arrear includes the amount of service tax not exceeding twenty-five thousand rupees, at the rate of fifty per cent. of service tax amount;

(ii) such tax arrear consists of only interest payable, or penalty leviable or both, under the Chapter, at the rate of twenty-five per cent. of the maximum penalty leviable and interest payable:

Provided that if the amount of penalty leviable exceeds the service tax amount to which it relates, service tax amount shall be considered to be the amount of penalty.

95. Particulars to be furnished in declaration.- A declaration under section 94 shall be made to the designated authority and shall be in such form and shall be verified in such manner as may be prescribed.

96. Time and manner of payment of tax arrear.- (1) Within fifteen days from the date of receipt of the declaration under section 94, the designated authority shall, by order, determine the amount payable by the declarant in accordance with the provisions of this Scheme.

Provided that where any material particular furnished in the declaration is found to be false by the designated authority at any stage, it shall be deemed never to have been made and all the pending proceedings under the Chapter shall be deemed to have been revived.

(2) The declarant shall pay, the sum determined by the designated authority within thirty days of the order by the designated authority under sub-section (1) and intimate the fact of such payment to the designated authority along with proof thereof and the designated authority shall thereupon issue a certificate to the declarant in such form as may be prescribed.

(3) Every order passed under sub-section (1), determining the sum payable under this Scheme, shall be conclusive as to the matters stated therein and no matter covered by such order shall be reopened in any other proceeding under the Chapter.

(4) Where the declarant has filed an appeal, reference or a reply to the show cause notice against any order or notice giving rise to the tax arrear before any authority, tribunal or court, then, notwithstanding anything contained in any other provision of the Chapter, such appeal, reference, or reply shall be deemed to have been withdrawn:

Provided that where the declarant has filed a writ petition, appeal or reference before any High Court or the Supreme Court against any order in respect of the tax arrear, the declarant shall file an application before such High Court or the Supreme Court for withdrawing such writ petition, appeal or reference and after withdrawal of such writ petition, appeal or reference with the leave of the Court, furnish proof of such withdrawal along with the intimation referred to in sub-section (2).

97. Appellate authority not to proceed in certain cases.- No appellate authority shall proceed to decide any issue relating to the tax arrear specified in the declaration and in respect of which an order has been made under section 96 by the designated authority.

98. No refund of amount paid under the Scheme.- Any amount paid in pursuance of a declaration made under section 94 shall not be refundable under any circumstances.

99. Removal of doubts.- For the removal of doubts, it is hereby declared that, save as otherwise expressly provided in sub-section (3) of section 96, nothing contained in this Scheme shall be construed as conferring any benefit, concession or immunity on the declarant in any proceedings other than those in relation to which the declaration has been made.

100. Power to remove difficulties.- (1) If any difficulty arises in giving effect to the provisions of this Scheme, the Central Government may, by order, not inconsistent with the provisions of this Scheme, remove the difficulty:

Provided that no such order shall be made after the expiry of a period of two years from the date on which the provisions of this Scheme come into force.

(2) Every order made under this section shall, as soon as may be after it is made, be laid before each House of Parliament.

101. Power to make rules.- (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Scheme.

(2) Without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:-

(a) the form in which a declaration may be made under section 95 and the manner in which such declaration may be verified;

(b) the form of certificate which may be issued under sub-section (2) of section 96;

(c) any other matter which is to be, or may be, prescribed, or in respect of which provision is to be made, by rules.

(3) The Central Governments shall cause every rule made under this Scheme to be laid, as soon as may be after it is made, before each House of Parliament, while it is in session for a total period of

thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annualment shall be without prejudice to the validity of anything previously done under that rule.

CHAPTER VII

COMMODITIES TRANSACTION TAX

102. Extent, commencement and application.- (1) This Chapter extends to the whole of India.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

(3) It shall apply to taxable commodities transactions entered into on or after the commencement of this Chapter.

103. Definitions.- In this Chapter, unless the context otherwise requires,-

(1) "Appellate Tribunal" means the Appellate Tribunal constituted under section 252 of the Income-tax Act, 1961; (43 of 1961)

(2) "Assessing Officer" means the Income-tax Officer or Assistant Commissioner of Income-tax or Deputy Commissioner of Income-tax or Joint Commissioner of Income-tax or Additional Commissioner of Income-tax who is authorised by the Board to exercise or perform all or any of the powers and functions conferred on, or assigned to, an Assessing Officer under this Chapter;

(3) "commodities transaction tax" means tax leviable on the taxable commodities transactions under the provisions of this Chapter;

(4) "prescribed" means prescribed by rules made under this Chapter;

(5) "taxable commodities transaction" means a transaction of purchase or sale of option in goods, or option in commodity derivative, or any other commodity derivative, traded in recognised associations;

(6) words and expressions used but not defined in this Chapter and defined in the Forward Contracts (Regulations) Act, 1952, (74 of 1952) the Income-tax Act, 1961, (43 of 1961) or the rules made thereunder, shall have the meanings respectively assigned to them in those Acts.

104. Charge of commodities transaction tax.- On and from the date of commencement of this Chapter, there shall be charged a commodities transaction tax in respect of every taxable commodities transaction specified in column (2) of the Table below, at the rates specified in the corresponding entry in column (3) of the said Table, on the value of such transaction and such tax shall be payable by the seller or the purchaser, as the case may be, specified in the corresponding entry in column (4() of the said Table:

Table

Sl. No.	Taxable commodities transaction	Rate	Payable by
1.	Sale of an option in goods or an option in commodity derivative	0.017 per cent	Seller
2.	Sale of an option in goods or an option in commodity derivative, where option is exercised	0.125 percent	Purchaser
3.	Sale of any other commodity derivative	0.017 per cent	Seller

105. Value of taxable commodities transaction.- The value of a taxable commodities transaction specified under column (2) of the Table in section 104 shall, with reference to such transactions-

(a) against serial number 1, be the option premium;

(b) against serial number 2, be the settlement price of the option in goods or option in commodity derivative, as the case may be;

(c) against serial number 3, be the price at which the commodity derivative is sold.

106. Collection and recovery of commodities transaction tax.- (1) Every recognised association (hereinafter in this Chapter referred to as assessee) shall collect the commodities transaction tax from the seller or the purchaser, as the case may be, who enters into a taxable commodities transaction in that recognised association, at the rates specified in section 104.

(2) The commodities transaction on tax collected during any calender month in accordance with the provisions of sub-section (1) shall be paid by every assessee to the credit of the Central Government by the seventh day of the month immediately following the said calendar month.

(3) Any assessee who fails to collect the tax in accordance with the provisions of sub-section (1) shall, notwithstanding such failure, be liable to pay the tax to the credit of the Central Government in accordance with the provisions of sub-section (2).

107. Furnishing of return.- (1) Every assessee shall, within the prescribed time-limit after the end of each financial year, prepare and deliver or cause to be delivered to the Assessing Officer or to any other authority or agency authorised by the Board in this behalf, a return in such form, verified in such manners and setting forth such particulars as may be prescribed, in respect of all taxable commodities transactions entered into during such financial year in that recognised association.

(2) Where any assessee fails to furnish the return under sub-section (1), within the prescribed time-limit, the Assessing Officer may issue a notice to such assessee and serve it upon him, requiring him to furnish the return in the prescribed form and verified in the prescribed manner setting forth such particulars within such time as may be prescribed.

(3) An assessee who has not furnished the return within the time-limit prescribed under sub-section (1) or sub-section (2), or having furnished a return under sub-section (1) or sub-section (2) notices any omission or wrong statement therein, may furnish a return or a revised return, as the case may be, at any time before the assessment is made.

108. Assessment.- (1) For the purposes of making an assessment under this Chapter, the Assessing Officer may serve on any assessee, who has furnished a return under section 107 or upon whom a notice has been served under sub-section (2) of that section, whether a return has been furnished or not, a notice requiring him to produce or cause to be produced on a date to be specified therein such accounts or documents or other evidence as the Assessing Officer may require for the purposes of this Chapter and may, from time to time, serve further notices requiring the production of such further accounts or documents or other evidence as he may require.

(2) The Assessing Officer, after considering such accounts, documents or other evidence, if any, as he has obtained under sub-section (1) and after taking into account any other relevant material which he has gathered, shall, by an order in writing, assess the value of taxable commodities transactions during the relevant financial year and determine the commodities transaction tax payable or the refund due on the basis of such assessment:

Provided that no assessment shall be made under this sub-section after the expiry of two years from the end of the relevant financial year.

(3) Every assessee, in case any amount is refundable to it on assessment under sub-section (2), shall, within such time as may be prescribed, refund such amount to the seller or the purchaser, as the case may be, from whom such amount was collected.

109. Rectification of mistake.- (1) With a view to rectifying any mistake apparent from the record, the Assessing Officer may amend any order passed by him under the provisions of this Chapter within one year from the end of the financial year in which the order sought to be amended was passed.

(2) Where any matter has been considered and decided in any proceeding by way of appeal relating to an order referred to in sub-section (1), the Assessing Officer passing such order may, notwithstanding anything contained in any other law for the time being in force, amend the order under that sub-section in relation to any matter other than the matter which has been so considered and decided.

(3) Subject to the other provisions of this section, the Assessing Officer may make an amendment under sub-section (1), either suo motu or on any mistake brought to his notice by the assessee.

(4) An amendment, which has the effect of enhancing an assessment or reducing a refund or otherwise increasing the liability of the assessee, shall not be made under this section unless the Assessing Officer has given notice to the assessee of his intention so to do and has allowed the assesse a reasonable opportunity of being heard.

(5) An order of amendment under this section shall be made by the Assessing Officer in writing.

(6) Subject to the other provisions of this Chapter, where any such amendment has the effect of reducing the assessment, the Assessing Officer shall make the refund, which may be due to such assessee.

(7) Where any such amendment has the effect of enhancing the assessment or reducing the refund already made, the Assessing Officer shall make an order specifying the sum payable by the assessee and the provisions of this Chapter shall apply accordingly.

110. Interest on delayed payment of commodities transaction tax.- Every assessee, who fails to credit the commodities transaction tax or any part thereof as required under section 106 to the account of the Central Government within the period specified in that section, shall pay simple interest at the rate of one per cent of such tax for every month or part of a month by which such crediting of the tax or any part thereof is delayed.

111. Penalty for failure to collect or pay commodities transaction tax.- Any assessee who-

(a) fails to collect the whole or any part of the commodities transaction tax as required under section 10; or

(b) having collected the commodities transaction tax, fails to pay such tax to the credit of the Central Government in accordance with the provisions of sub-section (2) of that section,

shall be liable to pay,-

(i)in the case referred to in clause (a), in addition to paying the tax in accordance with the provisions of sub-section (3) of that section, or interest, if any, in accordance with the provisions of section 110, by way of penalty, a sum equal to the amount of commodities transaction tax that he failed to collect; and

(ii) in the case referrted to in clause (b), in addition to paying the tax in accordance with the rovisions of sub-section (2) of that section and interest in accordance with the provisions of section 110, by way of penalty, a sum of one thousand rupees for every day during which the failure continues; so, however, that the penalty under this clause shall not exceed the amount of commodities transaction tax that it failed to pay.

112. Penalty for failure to furnish return.- Where an assessee fails to furnish the return within the time-limits prescribed under sub-section (1) or sub-section (2) of section 107, it shall be liable to pay, by way of penalty, a sum of one hundred rupees for each day during which the failure continues.

113. Penalty for failure to comply with notice.- If the Assessing Officer in the course of any proceedings under this Chapter is satisfied that the assessee has failed to comply with a notice under sub-section (1) of section 108, he may direct that such assessee shall pay, by way of penalty, in addition to any commodities transaction tax and interest, if any, payable by him, a sum of ten thousand rupees for each day during which the failure continues.

114. Penalty not to be imposed in certain cases.- (1) Notwithstanding anything contained in section 111 or section 112 or section 113, no penalty shall be imposable for any failure referred to in the said sections, if the assessee proves to the satisfaction of the Assessing Officer that there was reasonable cause for the said failure.

(2) No order imposing a penalty under this Chapter shall be made unless the assessee has been given a reasonable opportunity of being heard.

115. Application of certain provisions of Income-tax Act.- The provisions of sections 120, 131, 133A, 156, 178,220 to 227, 229,232, 260A,261, 262,265 to 269, 278B, 282 and 288 to 293 of the Income-tax Act, 1961 (43 of 1961) shall apply, so far as may be, in relation to commodities transaction tax.

116. Appeal to Commissioner of Income-tax (Appeals).- (1) An assessee aggrieved by any assessment order made by the Assessing Officer under section 108 or any order under section 109, or denying his liability to be assessed under this Chapter, or by an order imposing penalty under this Chapter, may appeal to the Commissioner of Income-tax (Appeals) within thirty days from the date of receipt of the order of the Assessing Officer.

(2) An appeal under sub-section (1) shall be in such form and shall be verified in such manner as may be prescribed and shall be accompanied by a fee of one thousand rupees.

(3) Where an appeal has been filed under sub-section (1), the provisions of sections 249 to 251 of the Income-tax Act, 1961, (43 of 1961) shall, as far as may be, apply to such appeal.

117. Appeal to Appettate Tribunal.- (1) An assessee aggrieved by an order made by a Commissioner of Income-tax (Appeals) under section 116 may appeal to the Appellate Tribunal against such order.

(2) The Commissioner of Income-tax may, if he objects to any order passed by the Commissioner of Income-tax (Appeals) under section 116, direct the Assessing Officer to appeal to the Appellate Tribunal against such order.

(3) An appeal under sub-section (1) or sub-section (2) shall be filed within sixty days from the date on which the order sought to be appealed against is received by the assessee or by the Commissioner of Income-tax, as the case may be.

(4) An appeal under sub-section (1) or sub-section (2) shall be in such form and verified in such manner as may be prescribed and, in the case of an appeal filed under sub-section (1), shall be accompanied by a fee of one thousand rupees.

(5) Where an appeal has been filed before the Appellate Tribunal under sub-section (1) or sub-section (2), the provisions of sections 253 to 255 of the Income-tax Act, 1961, (43 of 1961) shall, as far as may be, apply to such appeal.

118. Punishment for false statement.- (1) If a person makes a false statement in any verification under this Chapter or any rule made thereunder, or delivers an account or statement, which is false, and which he either knows or believes to be false, or does not believe to be true; he shall be punishable with imprisonment for a term which may extend to three years and with fine.

(2) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, (2 of 1974) an offence punishable under sub-section (1) shall be deemed to be non-cognizable within the meaning of that Code.

119. Institution of prosecution.- No prosecution shall be instituted against any person for any offence under section 118 except with the previous sanction of the Chief Commissioner of Income-tax.

120. Power to make rules.- (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Chapter.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:-

(a) the time-limits within which and the form and the manner in which the return shall be delivered or caused to be delivered or furnished under section 107; and

(b) the form in which an appeal may be filed and the manner in which it may be verified under sections 116 and 117.

(3) Every rule made under this Chapter shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

121. Power to remove difficulties.- (1) If any difficulty arises in giving effect to the provisions of this Chapter, the Central Government may, by order published in the Official Gazette, not inconsistent with the provisions of this Chapter, remove the difficulty:

Provided that no such order shall be made after the expiry of a period of two years from the date on which the provisions of this Chapter come into force.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

CHAPTER VIII
MISCELLANEOUS

122. Amendment of Seventh Schedule to Act 14 of 2001.- The Seventh Schedule to the Finance Act, 2001 shall be amended in the manner specified in the Eighth Schedule.

123. Amendment of section 13 of Act 58 of 2002.- In the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002, in section 13, in sub-section (1), for the words “for a period of five years computed from the appointed day”, the words, figures and letters “for the period beginning on the appointed day and ending on the 31st day of March, 2009” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of February, 2008.

124. Amendment of Act 23 of 2004.- In the Finance (No. 2) Act, 2004, with effect from the 1st day of June, 2008,-

(i)in section 98, in the Table, for serial number 4 and the entries relating thereto, the following serial number and the entries shall respectively be substituted, namely:-

Sl. No.		Taxable securities transaction	Rate	Payable by
"4.	(a)	Sale of an option in securities	0.017 per cent	Seller
	(b)	Sale of an option in securities, where option is exercised	0.125 per cent	Purchaser
	(c)	Sale of a futures in securities	0.017 per cent	Seller";

(ii) in section 99, for clause (a), the following clause shall be substituted, namely:-

"(a) in the case of a taxable securities transaction relating to an option in securities, shall be,

(i)the option premium, in respect of transaction at item (a) of serial number 4 of the Table in section 98;

(ii) the settlement price, in respect of transaction at item (b) of serial number 4 of the Table in section 98;".

125. Amendment of Act 18 of 2005.- In the Finance Act, 2005,-

(i)in section 95, after sub-section (2), the following sub-section shall be inserted with effect from the 1st day of April, 2009, namely:-

"(3) Notwithstanding anything contained in sub-section (1), no banking cash transaction tax shall be charged in respect of any taxable banking transaction entered into on or after the 1st day of April, 2009.";

(ii) the Seventh Schedule shall be amended in the manner specified in the Ninth Schedule.

THE FIRST SCHEDULE

(See section 2)

PART I

INCOME-TAX

Paragraph A

(I) In the case of every individual other than the individual referred to in items (II) and (III) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,-

Rates of income-tax

(1)	where the total income does not exceed Rs. 1,10,000	Nil;
(2)	where the total income exceeds Rs.1,10,000 but does not exceed Rs. 1,50,000	10 per cent. of the amount by which the total income exceeds Rs. 1,10,000;
(3)	where the total income exceeds Rs. 1,50,000 but does not exceeds Rs. 2,50,000	Rs. 4,000 plus 20 per cent of the amount by which the total income exceeds Rs. 1,50,000;
(4)	where the total income exceeds Rs. 2,50,000	Rs. 24,000 plus 30 per cent. of the amount by which the total income exceeds Rs.2,50,000.

(II) In the case of every individual, being a woman resident in India, and below the age of sixty-five years at any time during the previous years,-

Rates of income-tax

(1)	where the total income does not exceed Rs. 1,45,000	Nil;
(2)	where the total income exceeds Rs.1,45,000 but does not exceed Rs. 1,50,000	10 per cent. of the amount by which the total income exceeds Rs. 1,45,000;
(3)	where the total income exceeds Rs. 1,50,000 but does not exceeds Rs. 2,50,000	Rs. 500 plus 20 per cent. of the amount by which the total income exceeds Rs. 1,50,000;
(4)	where the total income exceeds Rs. 2,50,000	Rs. 20,500 plus 30 per cent. of the amount by which the total income exceeds Rs.2,50,000.

(III) In the case of every individual, being a resident in India, who is of the age of sixty-five years or more at any time during the previous year,-

Rates of income-tax

(1)	where the total income does not exceed Rs. 1,95,000	Nil;
(2)	where the total income exceeds Rs.1,95,000 but does not exceed Rs. 2,50,000	20 per cent. of the amount by which the total income exceeds Rs. 1,95,000;
(3)	where the total income exceeds Rs. 2,50,000	Rs. 11,000 plus 30 per cent. of the amount by which the total income exceeds Rs. 2,50,000.

Surcharge on income-tax

The amount of icome-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall,-

(i)in the case of every individual or Hindu undivided family or association of persons or body of individuals having a total income exceeding ten lakh rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A, and the income-tax as so reduced, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax;

(ii) in the case of every person, other than those mentioned in item (i), be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that in case of persons mentioned in item (i) above having a total income exceeding ten lakh rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of ten lakh rupees by more than the amount of income that exceeds ten lakh rupees.

Paragraph B

In the case of every co-operative society,-

Rates of income-tax

(1)	where the total income does not exceed Rs. 10,000	10 per cent. of the total income;
(2)	where the total income exceeds Rs.10,000 but does not exceed Rs. 20,000	Rs. 1,000 plus 20 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3)	where the total income exceeds Rs. 20,000	Rs. 3,000 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000.

Paragraph C

In the case of every firm,-

Rate of income-tax

On the whole of the total income 30 per cent

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified, or in section 111A or section 112, shall, in the case of every firm having a total income exceeding one crore rupees, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that in the case of every firm having a total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph D

In the case of every local authority,-

Rate of income-tax

On the whole of the total income 30 per cent:

Paragraph E

In the case of a company,-

Rates of income-tax

I. In the case of a domestic company 30 per cent. of the total income;

II. In the case of a company other than a domestic company-

(i) on so much of the total income as consists of,-

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976; or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government 50 per cent.;

(ii) on the balance, if any, of the total income 40 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every company, be increased by a surcharge for purposes of the Union calculated,-

(i)in the case of every domestic company having a total income exceeding one crore rupees, at the rate of ten per cent. of such income-tax;

(ii) in the case of every company other than a domestic company having a total income exceeding one crore rupees, at the rate of two and one-half per cent.:

Provided that in the case of every company having a total income exceeding one crore rupees , the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

PART II

RATES FOR DEDUCATION OF TAX AT SOURCE IN CERTAIN CASES

In every case in which under the provisions of section 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to the deduction at the following rates:-

		Rate of income-tax
1.	In the case of a person other than a company-	
	(a) where the person is resident in India-	
	(i) on income by way of interest other than 'Interest on securities"	10 per cent.;
	(ii) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent.;
	(iii) on income by way of winnings from horse races	30 per cent.;
	(iv) on income by way of insurance commission	10 per cent.;
	(v) on income by way of interest payable on-	10 per cent.;
	(A) any debentures or securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;	
	(B) any debentures issued by a company where such debentures are listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and any rules made thereunder;	
	(C) any security of the Central or State Government	
	(vi) on any other income	20 per cent.;
	(b) where the person is not resident in India-	
	(i) in the case of a non-resident Indian-	
	(A) on any investment income	20 per cent.;
	(B) on income by way of long-term capital gains referred to in section 115E	10 per cent.;
	(C) on income by way of short-term capital gains referred to in section 111A	15 per cent.;
	(D) on other income by way of long-term capital gains [not being long-term capital gains referred to in clauses (33), (36) and (38) of section 10]	20 per cent.;
	(E) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	20 per cent.;
	(F) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern where such royalty is in consideration for the transfer of	

all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (1A) of section 115A of the Income-tax Act, to a person resident in India-

(I) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005 — 20 per cent.;

(II) where the agreement is made on or after the 1st day of June, 2005 — 10 per cent.;

(G) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(i)(F)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy-

(I) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005 — 20 per cent.;

(II) where the agreement is made on or after the 1st day of June, 2005 — 10 per cent.;

(H) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy-

(I) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005. — 20 per cent.;

(II) where the agreement is made on or after the 1st day of June, 2005 — 10 per cent.;

(I) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort — 30 per cent.;

(J) on income by way of winnings from horse races — 30 per cent.;

(K) on the whole of the other income — 30 per cent.;

(ii) in the case of any other person-

(A) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency — 20 per cent.;

	Rate of income-tax
(B) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (1A) of section 115A of the Income-tax Act, to a person resident in India-	
(I) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005	20 per cent.;
(II) where the agreement is made on or after the 1st day of June, 2005	10 per cent.;
(C) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(ii)(B)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy-	
(I) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005	20 per cent.;
(II) where the agreement is made on or after the 1st day of June, 2005	10 per cent.;
(D) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India , the agreement is in accordance with that policy-	
(I) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005	20 per cent.;
(II) where the agreement is made on or after the 1st day of June, 2005	10 per cent.;
(E) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent.;
(F) on income by way of winnings from horse races	30 per cent.;
(G) on income by way of short-term capital gains referred to in section 111A	15 per cent.;

	Rate of income-tax
(H) on income by way of long-term capital gains [not being long-term capital gains referred to in clauses (33), (36) and (38) of section 10]	20 per cent.;
(I) on the whole of the other income	30 per cent.;
2. In the case of a company-	
(a) where the company is a domestic company-	
(i) on income by way of interest other than “Interest on securities”	20 per cent.;
(ii) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent.;
(iii) on income by way of winnings from horse races	30 per cent.;
(iv) on any other income	20 per cent.;
(b) where the company is not a domestic company-	
(i) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent.;
(ii) on income by way of winnings from horse races	30 per cent.;
(iii) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	20 per cent.;
(iv) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1976 where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (1A) of section 115A of the Income-tax Act, to a person resident in India-	
(A) where the agreement is made before the 1st day of June, 1997	30 per cent.;
(B) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005	20 per cent.;
(C) where the agreement is made on or after the 1st day of June, 2005	10 per cent.;
(v) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(iv)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy,-	

	Rate of income-tax
(A) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976	50 per cent.;
(B) where the agreement is made after the 31st day of March, 1976 but before the 1st day of June, 1997	30 per cent.;
(C) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005	20 per cent.;
(D) where the agreement is made on or after the 1st day of June, 2005	10 per cent.;
(vi) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India , the agreement is in accordance with that policy-	
(A) where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976	50 per cent.;
(B) where the agreement is made after the 31st day of March, 1976 but before the 1st day of June, 1997	30 per cent.;
(C) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005	20 per cent.;
(D) where the agreement is made on or after the 1st day of June, 2005	10 per cent.;
(vii) on income by way of short-term capital gains referred to in section 111A	15 per cent.;
(viii) on income by way of long-term capital gains [not being long-term capital gains referred to in clauses (33), (36) and (38) of section 10]	20 per cent.;
(ix) on any other income	40 per cent.;

Explanation.- For the purpose of item 1(b)(i) of this Part, "investment income" and non-resident Indian" shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act.

Surcharge on income-tax

The amount of income-tax deducted in accordance with the provisions of-

(A) item 1 of this Part shall be increased by a surcharge, for purposes of the Union, calculated,-

(i)in the case of every individual, Hindu undivided family, association of persons and body of individuals, whether incorporated or not, at the rate of ten per cent. of such tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten lakh rupees;

(ii) in the case of every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, at the rate of ten per cent. of such tax;

(iii) in the case of every firm at the rate of ten per cent. of such tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

(B) item 2 of this Part, shall be increased by a surcharge, for purposes of the Union, calculated,-

(i)in the case of every domestic company at the rate of ten per cent. of such income-tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

(ii) in the case of every company other than a domestic company at the rate of two and one-half per cent of such income-tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees.

PART III

RATES FOR CHARGING INCOME-TAX IN CERTAIN CASES, DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER THE HEAD "SALARIES" AND COMPUTING "ADVANCE TAX"

In cases in which income-tax has to be charged under sub-section (4) of section 172 of the Income-tax Act or sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the said Act or deducted from, or paid on, from income chargeable under the head "Salaries" under section 192 of the said Act or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" [not being "advance tax" in respect of any income chargeable to tax under Chapter XII or Chapter XII-A or fringe benefits chargeable to tax under Chapter XII-H or income chargeable to tax under section 115JB or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act at the rates as specified in that Chapter or section or surcharge on such "advance tax" in respect of any income chargeable to tax under section 115A or section 115AB or section 115AC or section 115ACA or section 115AD or section 115B or section 115BB or section 115BBA or section 115BBC or section 115E or section 115JB or fringe benefits chargeable to tax under section 115WA] shall be charged, deducted or computed at the following rate or rates:-

Paragraph A

(I) In the case of every individual other than the individual referred to in items (II) and (III) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,-

Rates of income-tax

(1)	where the total income does not exceed Rs. 1,50,000	Nil;
(2)	where the total income exceeds Rs.1,50,000 but does not exceed Rs. 3,00,000	10 per cent. of the amount by which the total income exceeds Rs. 1,50,000;
(3)	where the total income exceeds Rs. 3,00,000 but does not exceeds Rs. 5,00,000	Rs. 15,000 plus 20 per cent. of the amount by which the total income exceeds Rs. 3,00,000;
(4)	where the total income exceeds Rs. 5,00,000	Rs. 55,000 plus 30 per cent. of the amount by which the total income exceeds Rs.5,00,000

(II) In the case of every individual, being a woman resident in India, and below the age of sixty-five years at any time during the previous year,-

Rates of income-tax

(1)	where the total income does not exceed Rs. 1,80,000	Nil;
(2)	where the total income exceeds Rs.1,80,000 but does not exceed Rs. 3,00,000	10 per cent. of the amount by which the total income exceeds Rs. 1,80,000;
(3)	where the total income exceeds Rs. 3,00,000 but does not exceeds Rs. 5,00,000	Rs. 12,000 plus 20 per cent. of the amount by which the total income exceeds Rs. 3,00,000;
(4)	where the total income exceeds Rs. 5,00,000	Rs. 52,000 plus 30 per cent. of the amount by which the total income exceeds Rs.5,00,000.

(III) In the case of every individual, being a resident in India, who is of the age of sixty-five years or more at any time during the previous year,-

Rates of income-tax

(1) where the total income does not exceed Rs. 2,25,000	Nil;
(2) where the total income exceeds Rs.2,25,000 but does not exceed Rs. 3,00,000	10 per cent. of the amount by which the total income exceeds Rs. 2,25,000;
(3) where the total income exceeds Rs. 3,00,000 but does not exceeds Rs. 5,00,000	Rs. 7,500 plus 20 per cent. of the amount by which the total income exceeds Rs. 3,00,000;
(4) where the total income exceeds Rs. 5,00,000	Rs. 47,500 plus 30 per cent. of the amount by which the total income exceeds Rs.5,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall,-

(i)in the case of every individual or Hindu undivided family or association of persons or body of individuals having a total income exceeding ten lakh rupees, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax;

(ii) in the case of every person, other than those mentioned in item (i), be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Provided that in case of persons mentioned in item (i) above having a total income exceeding ten lakh rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of ten lakh rupees by more than the amount of income that exceeds ten lakh rupees.

Paragraph-B

In the case of every co-operative Socities Rates of income tax

(1) where the total income does not exceed Rs. 10,000	10 per cent. of the total income;
(2) where the total income exceeds Rs.10,000 but does not exceed Rs. 20,000	Rs. 1,000 plus 20 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 3,000 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000.

Paragraph C

In the case of every firm,-

Rate of income-tax

On the whole of the total income 30 per cent

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified, or in section 111A or section 112, shall, in the case of every firm having a total income exceeding one crore rupees, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that in the case of every firm having a total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph D

In the case of every local authority,-

Rate of income-tax

On the whole of the total income 30 per cent:

Paragraph E

In the case of a company,-

Rates of income-tax

I. In the case of a domestic company	30 per cent. of the total income;
II. In the case of a company other than a domestic company-	
(i) on so much of the total income as consists of,-	
(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976; or	
(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,	
and where such agreement has, in either case, been approved by the Central Government	50 per cent.;
(ii) on the balance, if any, of the total income	40 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every company, be increased by a surcharge for purposes of the Union calculated,-

(i)in the case of every domestic company having a total income exceeding one crore rupees, at the rate of ten per cent. of such income-tax;

(ii) in the case of every company other than a domestic company having a total income exceeding one crore rupees, at the rate of two and one-half per cent.:

Provided that in the case of every company having a total income exceeding one crore rupees , the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

PART IV

[See section 2(12)(c)]

RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

Rule 1.- Agricultural income of the nature referred to in sub-clause (a) of clause (1A) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (2) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (3) and (4) of section 40A.

Rule 2.- Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of clause (1A) of section 2 of the Income-tax Act [other than income derived from any building required as a dwelling-house by the receiver of the rent or revenue of the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c)] shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of sections 30, 31, 32, 36, 37, 38, 40, 40A [other than sub-sections (3) and (4) thereof], 41, 43, 43A, 43B and 43C of the Income-tax Act shall, so far as may be, apply accordingly.

Rule 3.- Agricultural income of the nature referred to in sub-clause (c) of clause (1A) of section 2 of the Income-tax Act, being income derived from any building required as a dwelling-house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly.

Rule 4.- Notwithstanding anything contained in any other provisions of these rules, in a case-

(a) where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee;

(b) where the assessee derives income from sale of centrifuged latex or cenex or latex based crepes (such as pale latex crepe) or brown crepes (such as estate brown crepe, re-milled crepe, smoked blanket crepe or flat bark crepe) or technically specified block rubbers manufactured or processed by him from rubber plants grown by him in India, such income shall be computed in accordance with rule 7A of the Income-tax Rules, 1962, and sixty-five per cent. of such income shall be regarded as the agricultural income of the assessee;

(c) where the assessee derives income from sale of coffee grown and manufactured by him in India, such income shall be computed in accordance with rule 7B of the Income-tax Rules, 1962, and sixty per cent. or seventy-five per cent., as the case may be, of such income shall be regarded as the agricultural income of the assessee.

Rule 5.- Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 6.- Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income the assessee, if any, for that previous year from any other source of agricultural income:

Provided that where the assessee is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

Rule 7.- Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

Rule 8.- (1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2008, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 2000 or the 1st day of April, 2001 or the 1st day of April, 2002 or the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007, is a loss, then, for the purposes of sub-section (2) of section 2 of this Act,-

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2000, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2001 or the 1st day of April, 2002 or the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2001, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2002 or the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2002, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April 2007,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2003, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2004, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2005, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2006 or the 1st day of April, 2007,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2006, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2007,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2007,

shall be set off against the agricultural income for the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 2008,

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2009, or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 2001 or the 1st day of April, 2002 or the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008, is a loss, then, for the purposes of sub-section (10) of section 2 of this Act,-

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2001, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2002 or the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2002, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2003, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2004, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2005, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2006, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2007 or the 1st day of April, 2008,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2007, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2008,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2008,

shall be set off against the agricultural income for the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 2009,

(3) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (1) or sub-rule (2) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (1) or, as the case may be, sub-rule (2).

(4) Notwithstanding anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules or the rules contained in Part IV of the First Schedule to the Finance Act, 2000 (10 of 2000), or of the First Schedule to the Finance Act, 2001 (14 of 2001), or of the First Schedule to the Finance Act, 2002 (20 of 2002), or of the First Schedule to the Finance Act, 2003 (32 of 2003), or of the First Schedule to the Finance (No. 2) Act, 2004 (23 of 2004) or of the First Schedule to the Finance Act, 2005 (18 of 2005), or of the First Schedule to the Finance Act, 2006 (21 of 2006) or of the First Schedule to the Finance Act, 2007 (22 of 2007) shall be set off under sub-rule (1) or, as the case may be, sub-rule (2).

Rule 9.- Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be nil.

Rule 10.- The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

Rule 11.- For the purposes of computing the net agricultural income of the assessee, the Assessing Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

THE SECOND SCHEDULE

[See section 77(ii)]

In the First Schedule to the Customs Tariff Act,-

(1) in Chapter 24, in tariff items 2402 10 10 and 2402 10 20, for the entry in column (4) occurring against each of them, the entry "60%" shall be substituted.

(2) in Chapter 27, in tariff item 2716 00 00, for the entry in column (4), the entry "Rs.2000 per 1000 KWh" shall be substituted.

THE THIRD SCHEDULE

[See section 77(iii)]

In the Second Schedule to the Customs Tariff Act,-

(i) against heading No. 12, for the entry in column (3), the entry "Rs. 3000 per tonne" shall be substituted;

(ii) after heading No. 26 and the entries relating thereto, the following shall be inserted, namely:-

Heading No.	Description of article	Rate of duty
"27.	Pig iron and spiegeleisen in pigs, blocks or other primary forms	20%
28.	Ferrous products obtained by direct reduction of iron ore and other spongy ferrous products, in lumps, pellets or similar forms; iron having minimum purity by weight of 99.94%, in lumps, pellets or similar forms	20%
29.	Ferrous waste and scrap, remelting scrap ingots of iron or steel	20%

Heading No.	Description of article	Rate of duty
30.	Granules and powders, of pig iron, spiegeleisen, iron or steel	20%
31.	Iron and non-alloy steel in ingots or other primary forms	20%
32.	Semi-finished products of iron or non-alloy steel	20%
33.	Flat rolled products of iron or non-alloy steel, hot rolled, not clad, plated or coated	20%
34.	Flat rolled products of iron or non-alloy steel, cold rolled (cold-reduced), not clad, plated or coated	20%
35.	Flat rolled products of iron or non-alloy steel, plated or coated with zinc	20%
36.	Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel	20%
37.	Other bars and rods of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, but including those twisted after rolling	20%
38.	Other bars and rods of iron or non-alloy steel	20%
39.	Angles, shapes and sections of iron or non-alloy steel	20%
40.	Wire of iron or non-alloy steel	20%
41.	Tubes and pipes, of iron or steel	20%
42.	Basmati rice	Rs. 12000 per tonne.".

THE FOURTH SCHEDULE

(See section 86)

Provisions of the Central Excise Rules, 1944, to be amended	Amendment	Period of effect of amendment
Rule 12 of the Central Excise Rules, 1944 as substituted by notification number G.S.R. 699(E), dated the 22nd September, 1994.	In the Central Excise Rules, 1944, in rule 12, in sub-rule (1), after the proviso, the following proviso shall be inserted, namely:- "Provided further that the rebate of duty paid on excisable goods cleared from factory for export shall also be admissible for that portion of duty paid for which refund has been granted in terms of the notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 508(E), dated the 8th July, 1999 [32/99-Central Excise, dated the 8th July, 1999] or number G.S.R.509(E), dated the 8th July, 1999 [33/99-Central Excise, dated the 8th July, 1999].".	8th day of July, 1999 to the 30th day of June, 2001 (both days inclusive).

THE FIFTH SCHEDULE
(See section 87)

Provisions of the Central Excise (No.2) Rules, 2001, to be amended	Amendment	Period of effect of amendment
Rule 18 of the Central Excise (No. 2) Rules, 2001 as published vide notification number G.S.R. 444(E), dated the 21st June, 2001.	In the Central Excise (No. 2) Rules, 2001, in rule 18, before the Explanation, the following proviso shall be inserted namely:- "Provided further that the rebate of duty paid on excisable goods cleared from factory for export shall also be admissible for the portion of duty paid for which the refund has been granted in terms of the notifications of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 508(E), dated the 8th July, 1999 [32/99-Central Excise, dated the 8th July, 1999] or number G.S.R.509(E), dated the 8th July, 1999 [33/99-Central Excise, dated the 8th July, 1999], number G.S.R. 565(E), dated the 31st July, 2001 [39/2001-Central Excise, dated the 31st July, 2001].".	1st day of July, 2001 to 28th day of February, 2002 (both days inclusive).

THE SIXTH SCHEDULE
(See section 88)

Provisions of the Central Excise Rules, 2002, to be amended	Amendment	Period of effect of amendment
Rule 18 of the Central Excise Rules, 2002 as published vide notification number G.S.R. 143(E), dated the 1st March, 2002.	In the Central Excise Rules, 2002, in rule 18, before the Explanation, the following proviso shall be inserted namely:- "Provided that the rebate of duty paid on excisable goods cleared from factory for export shall also be admissible for that portion of duty paid for which the refund has been granted in terms of the notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 508(E), dated the 8th July, 1999 [32/99-Central Excise, dated the 8th July, 1999] or number G.S.R.509(E), dated the 8th July, 1999 [33/99-Central Excise, dated the 8th July, 1999], number G.S.R. 565(E), dated the 31st July, 2001 [39/2001-Central Excise, dated the 31st July, 2001], or notification of the Government of India in the erstwhile Ministry of Finance and Company Affairs (Department of Revenue) number G.S.R. 764(E), dated the 14th November, 2002 [56/2002-Central Excise, dated the 14th November, 2002], number G.S.R. 765(E), dated the 14th November, 2002 [57/2002-Central Excise, dated the 14th November, 2002], or notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 513(E), dated the 25th June, 2003 [56/2003-Central Excise, dated the 25th June, 2003), number G.S.R. 717 (E), dated the 9th September, 2003 [71/2003-Central Excise, dated the 9th September, 2003].".	1st day of March, 2002 to 7th day of December, 2006 (both days inclusive).

THE SEVENTH SCHEDULE

(See section 89)

In the First Schedule to the Central Excise Tariff Act,-

(1) in Chapter 24,-

(i)in tariff item 2402 20,10, , for the entry in column (4), the entry "Rs. 659 per thousand' shall be substituted;

(ii) in tariff item 2402 20 20, for the entry column (4), the entry "Rs. 1068 per thousand' shall be substituted;

(2) in Chapter 25,-

(i)in tariff item 2523 10 00, for the entry column (4), the entry "Rs. 450 per tonne" shall be substituted;

(ii) in tariff item 2523 29 10, 2523 29 20, 2523 29 30, 2523 29 40 and 2523 29 90, for the entry column (4), the entry "Rs. 900 per tonne" shall be substituted against each of them;

(3) in Chapter 39, in NOTE 16, for the word "metallization", the words "metallization or lamination or lacquering" shall be substituted;

(4) in Chapter 85, in tariff item 8523 80 20, for the entry in column (4), the entry "12% shall be substituted.

THE EIGHTH SCHEDULE

(See section 122)

In the Seventh Schedule to the Finance Act, 2001 (14 of 2001),-

(1) in tariff item 2402 20 10, for the entry in column (4), the entry "Rs. 90 per thousand" shall be substituted;

(2) in tariff item 2402 20 20, for the entry in column (4), the entry "Rs. 145 per thousand" shall be substituted;

(3) after tariff item 2709 00 00 and the entries relating thereto, the following tariff items and entries shall be inserted namely:-

Tariff item		Description of goods	Unit	Rate of duty
(1)		(2)	(3)	(4)
"851712	-	Telephones for cellular networks or for other wireless networks:		
85171210	-	Push button type	u	1%
85171290	-	Other	u	1%

(4) sub-heading 5402 20, tariff item 5402 20 10, 5402 20 90, 5402 33 00, 5402 46 00, 5402 47 00, 5402 52 00, 5402 62 00, 5406 10 00 and the entries relating thereto shall be omitted.

THE NINTH SCHEDULE

[See section 125(ii)]

In the Seventh Schedule to the Finance Act, 2005 (18 of 2005),-

(1) in tariff item 2402 20 10, for the entry in column (4), the entry "Rs. 70 per thousand" shall be substituted;

(2) in tariff item 2402 20 20, for the entry in column (4), the entry "Rs. 110 per thousand" shall be substituted;

ಕರ್ನಾಟಕ ರಾಜ್ಯಪಾಲರ ಆದೇಶಾನುಸಾರ ಮತ್ತು ಅವರ ಹೆಸರಿನಲ್ಲಿ,

ಆರ್. ಆಂಜಿನಿ

ಸಹಾಯಕ ಪ್ರಾರೂಪಕಾರ ಮತ್ತು ಪದನಿಮಿತ್ತ

ಸರ್ಕಾರದ ಅಧೀನ ಕಾರ್ಯದರ್ಶಿ,

ಸಂಸದೀಯ ವ್ಯವಹಾರಗಳು ಮತ್ತು ಶಾಸನ ರಚನೆ ಇಲಾಖೆ.

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